

99-7-489

Michigan County Road Commission Self-Insurance Pool

**Comprehensive Annual Financial Report
March 31, 2004**

Prepared by:

Thomas P. Brouwer, Administrator

Gayle Pratt, Assistant Administrator
and Director of Finance

Finance Department

Table of Contents

Michigan County Road Commission Self-Insurance Pool

Contents

Introductory Section

Letter of Transmittal	i-vii
Certificate of Achievement for Excellence in Financial Reporting	viii
Organizational Chart	ix
List of Officers and Committees	x

Financial Section

Report Letter	1-2
Management's Discussion and Analysis	3-6
Basis Financial Statements	
Statement of Net Assets	7
Statement of Revenue, Expenses, and Changes in Net Assets	8
Statement of Cash Flows	9-10
Notes to Financial Statements	11-20

Other Supplemental Information

Schedule of Claims Information for All Lines of Coverages - Fiscal Year Ended March 31, 2004	21-22
Schedule of Changes in Net Assets From Operations by Policy Year for the Ten-Year Period From April 1, 1994 Through March 31, 2004	23-24
Schedule of Changes in Net Assets From Operations by Policy Year - Fiscal Year Ended March 31, 2004	25-26
Reconciliation of Claims Liabilities by Type of Contract	27-28

Michigan County Road Commission Self-Insurance Pool

Contents (Continued)

Other Supplemental Information (Continued)

Budget-to-Actual Table for the Twelve - Month Period Ended March 31, 2004	29
--	----

Statistical Section

Loss Development Through March 31, 2004:

All Coverages:

Paid Losses	30-31
Case Reserves	32-33
Reported Losses (Paid Losses Plus Case Reserves)	34-35
Incurred But Not Reported Reserves	36-37
Reported Claim Counts	38
Closed Claim Counts	39

General Liability:

Paid Losses	40-41
Case Reserves	42-43
Reported Losses (Paid Losses Plus Case Reserves)	44-45
Incurred But Not Reported Reserves	46-47
Reported Claim Counts	48
Closed Claim Counts	49

Trunkline Liability:

Paid Losses	50-51
Case Reserves	52-53
Reported Losses (Paid Losses Plus Case Reserves)	54-55
Reported Claim Counts	56
Closed Claim Counts	57

Auto Physical Damage:

Paid Losses	58-59
Case Reserves	60-61
Reported Losses (Paid Losses Plus Case Reserves)	62-63
Reported Claim Counts	64
Closed Claim Counts	65

Michigan County Road Commission Self-Insurance Pool

Contents (Continued)

Statistical Section (Continued)

Loss Development Through March 31, 2004 (Continued):

Property:

Paid Losses	66-67
Case Reserves	68-69
Reported Losses (Paid Losses Plus Case Reserves)	70-71
Reported Claim Counts	72
Closed Claim Counts	73

Equipment Physical:

Paid Losses	74-75
Case Reserves	76-77
Reported Losses (Paid Losses Plus Case Reserves)	78-79
Incurred But Not Reported Reserves	80-81
Reported Claim Counts	82
Closed Claim Counts	83

Aging of Receivables	84
----------------------	----

Comparative Schedule of Revenue and Expenses - Years Ended March 31, 1995 Through March 31, 2004	85-86
---	-------

Loss Fund for the Ten-Year Period Ended March 31, 2004	87-88
--	-------

Claim Activity for the Ten-Year Period Ended March 31, 2004	89
---	----

Demographic Data	90
------------------	----

Scope of Coverages	91
--------------------	----

Introductory Section



**MICHIGAN
COUNTY
ROAD
COMMISSION
SELF-INSURANCE
POOL**

Board of Directors

Karl A. Schmidt, Chairman
Jackson

Sharon K. Hice, Vice Chairman
Eaton

Jeff J. Best
Kent

Lonny L. Lutke
Missaukee

Louis N. MacDonald
Chippewa

Donald M. Maronde
St. Clair

Robert S. Menard
Marquette

Dorothy G. Pohl
Ionia

James A. Vermeesch
Cheboygan

Administrator
Thomas P. Brouwer

Assistant Administrator
Board Treasurer
Gayle A. Pratt

Board Secretary
Kay Newberry

May 20, 2004

Board of Directors
Michigan County Road Commission Self-Insurance Pool
417 Seymour
Lansing, MI 48933

Dear Board of Directors:

County road commissions in the State of Michigan established and created a Trust Fund, known as the Michigan County Road Commission Self-Insurance Pool (MCRCSIP), pursuant to the provision of Act 138 of the Michigan Public Acts of 1982 and began providing services April 1, 1984. This statewide self-insurance pool was established to provide for joint and cooperative action relative to Members' financial and administrative resources for the purpose of providing risk management services along with property and liability protection. Membership is restricted to road commissions and related road commission activities within the State.

The MCRCSIP is funded by a yearly contribution assessment of its members with various criteria being used to rate the different lines of coverage such as:

General Liability – 50 percent based on exposure (miles & population); and 50 percent based on experience (using net paid capped losses)

Auto Liability – A rate per vehicle

Trunkline Liabilities (excluding General Liability) – An actuarially computed rate per mile

Employment Practices Liability/Errors & Omissions – A flat rate charge to all members; fifteen (15) percent of the total collected based on experience, fifty (50) percent of the remaining amount to be collected based on population and fifty (50) percent based on number of employees.

Umbrella – Rate is a percent of underlying coverages

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Lansing, MI 48901-4901

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(800) 842-4971
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Page 2 of 7
Letter of Transmittal

Physical Damage – A rate per \$100 of value

Crime – A rate based on number of employees and amount of coverage

New members may be accepted into the MCRCSIP upon application and approval from the Board of Directors. Prospective new members are underwritten using data obtained through a new member survey and the best loss history data available.

FINANCIAL MANAGEMENT

The Comprehensive Annual Financial Report (CAFR) for the year ending March 31, 2004 is being submitted to the Board of Directors as suggested by the Association of Governmental Risk Pools (AGRIP) and regulations of the Michigan Bureau of Insurance. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures rests with management. The Pool's books are recorded on a full accrual basis in accordance with generally accepted accounting principles and the GASB. We believe this information is accurate in all material aspects; that it is presented in a manner designated to fairly state the financial position and results of operations of the MCRCSIP.

Management of the MCRCSIP is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the MCRCSIP are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met.

Assets of the MCRCSIP are invested in accordance with Section 10, of Act No. 138, Michigan Public Acts of 1982, and the policies adopted by the MCRCSIP Board of Directors.

Plante & Moran, L.L.P. Certified Public Accountants, provide an objective, independent review of the fairness of the MCRCSIP's reported financial position and results of operations. Their examination includes the auditing procedures, which they deem



Page 3 of 7
Letter of Transmittal

necessary to express an opinion as to the fairness of the financial statements.

Beginning September, 1993, Milliman USA was hired by the Board of Directors to perform an independent actuarial review which confirms the adequacy and reasonableness of the liabilities recorded as "allowances for unsettled claims and claims incurred but not reported (IBNR)". Their report is also submitted to the Board.

THE ANNUAL REPORT

Part I – Introductory Section: Contains information regarding the MCRCSIP's management structure, executive officers, and financial reporting requirements set forth in the MCRCSIP bylaws as presented to the governing body by the principal financial officer. This information provides the basis for understanding the CAFR.

Part II – Financial Statements: Includes all financial statements prepared from the MCRCSIP's books and records for the twentieth fiscal year of operations. The MCRCSIP's independent accountants, Plante & Moran, L.L.P. have examined the financial section. Copies of their report letter, dated May 20, 2004 are included in the CAFR as indicated in the table of contents.

Part III – Statistical Data: Contains certain data pertaining to cumulative claim activity, loss development, comparative financial information, and demographic data which will be of general interest to the members. It is expected that this database will be expanded in future years for historical and comparative purposes.

FINANCIAL HIGHLIGHTS

Revenue – Revenue and Other Income of the Pool for fiscal 2003/04 totaled \$ 28,311,896. Of this amount \$ 18,561,140, or 65 percent, consisted of member contributions; \$ 2,521,407, or 9 percent, consisted of interest and dividend income, \$ 7,131,984, or 25 percent, consisted of realized & unrealized gains and losses on investments; and \$ 97,365, or 1 percent, consisted of rental income.



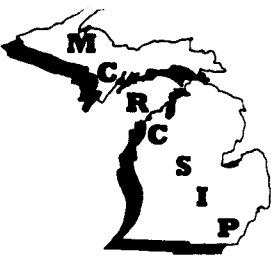
Page 4 of 7
Letter of Transmittal

Expenses – Expenses for fiscal 2003/04 totaled \$16,126,563. Of the total amount \$7,695,461, or 48 percent, consisted of payments made on claims for all years; \$-450,726, or -3 percent, consisted of a net decrease in allowances for unsettled claims and claims incurred but not reported (IBNR); \$6,526,885, or 40 percent, consisted of excess insurance premiums; \$1,143,505, or 8 percent, consisted of the service fee; and \$1,211,438 or 7 percent, consisted of administrative expense (including \$213,467 for investment expenses and \$81,300 for rental expenses).

COST CONTAINMENT

Loss Prevention/Training continues to be of primary importance to the MCRCSIP. To this end, both Mike Shultz and Mike Phillips continue to spend 100% of their time devoted to this service. Their efforts continue to be centered on the Loss Control Visits to member facilities and work areas. The goal of these Visits is to assist members in making their work environment as safe as possible for their employees as well as protecting the general public while traveling their roads. Mike and Mike have conducted a total of two hundred and fifty (250) service visits during 2003/04; advised members of one thousand ninety-five (1,095) safety audit recommendations; conducted seventy-five (75) in-house training sessions during which more than one subject was usually discussed; developed training curriculums covering at least 30 subjects; participated in several workshops, seminars and special presentations; drove a total of seven thousand five hundred and eighty (7,580) road surveillance miles; and a total of fifty-six thousand four hundred and seventeen (56,417) vehicle miles. They also wrote fourteen (14) articles for the Pool Cue newsletters and Roadside Chats.

Mike Shultz organized a MCRCSIP Member Loss Control Committee with sub-committees representing the many areas of member loss exposure. Members on this committee and its sub-committees consist of representatives from each road commission council in the State. The goal for the committee is to discuss and recommend focus areas for the MCRCSIP to use in assisting our members in their goal to make their counties as safe as possible.



Page 5 of 7
Letter of Transmittal

MEMBER CONTRIBUTIONS

Equity among the membership continues to be the primary goal of the board's contribution policy. The components used to compute member contribution requirements for the 2003/04 coverage year remained the same as 2002/03.

Terri Kelley, Langan & Co., is responsible for negotiating the Excess/Reinsurance Insurance package. Although a continued tightening of the insurance marketplace made a very difficult environment in which to work, Terri was successful in putting an equitable package together.

The final package mirrored last year's package with the exception of the Auto Liability Self-Insured Retention that was increased from one million dollars (\$1,000,000) per occurrence to one million five hundred thousand dollars (\$1,500,000) per occurrence and Buildings and Contents coverages that increased from five hundred thousand dollars (\$500,000) Any One Loss to one million dollars (\$1,000,000), with Combined Retention increasing from one million two hundred fifty thousand dollars (\$1,250,000) to one million seven hundred fifty thousand dollars (\$1,750,000) and Policy Annual Aggregate increasing from one million seven hundred fifty thousand dollars (\$1,750,000) to two million dollars (\$2,000,000). The package, once again, included some significant increases in required premiums.

MAJOR INITIATIVES

The upgrading of the MCRCSIP's information system was continued. During the 2003/04 fiscal year, our major focus was on changing our connection to our remote users to Terminal Services. This required us to upgrade to Windows 2003 and install a new server, but it also allowed us to improve our remote connections at a greatly reduced annual cost. We launched a new Website that has a new look, and more functionality than the old one. It is also the first step in our plan to increase our use of the internet to provide improved services to our members.



Page 6 of 7
Letter of Transmittal

The Property/Equipment Physical Damage computer program has a new programmer and an enhanced design. The original programmer was unable to complete the program, and we found a new programmer that is more skilled at integrating database functions with the internet. We are looking at a summer 2004, phase I completion date.

Expanding and promoting a successful Loss control/Training program continued to be a major effort during 2003/04.

During the 2003/04 fiscal year, we engaged Milliman, USA to perform an audit of our claims management system. They reviewed documentation of our claim counts, loss runs, claims handling and litigation management procedures, as well as applicable manuals and guidelines. They visited Cambridge's offices to interview key personnel and review files. As we expected, the audit found that Cambridge is doing an excellent job managing our claims.

AWARDS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Michigan County Road Commission Self-Insurance Pool (MCRCSIP) for its comprehensive annual financial report (CAFR) for the fiscal year ended 3-31-2003. This was the seventh consecutive year that the MCRCSIP has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.



Page 7 of 7
Letter of Transmittal

The Michigan County Road Commission Self-Insurance Pool has received a renewal of recognition from the Association of Governmental Risk Pools (AGRIP) for being in general compliance with AGRIP'S pool advisory standards.

CONCLUDING COMMENTS

It is my privilege to report that as of March 31, 2004 the MCRCSIP has concluded its 20th successful year of operations. Because of the difficult insurance markets the decision was made to assume some increase in the MCRCSIP retained exposure. This decision not only saved some dollars upfront but also allows us to keep the additional member contribution dollars in the MCRCSIP's assets to be invested until needed, or refunded if circumstances allow.

While our overall exposure, as calculated by our actuaries, continues to decrease, we have seen a significant number of claims in the EPL, Property, and Equipment Physical Damage exposure areas. Our Loss Control efforts for 2004/05 will be concentrated in these areas as we visit our membership and promote training sessions for all levels of employees. We will continue to monitor the exposures and claims and will suggest further actions if they become necessary.

The equity market rebounded in 2003/04 while the fixed income portfolio ended its positive trend. Overall, both United Bank and Trust and Banc One did a very good job in comparison with the indices and provided the MCRCSIP with a respectable return. Thanks to both for a job well done. Our staff members and vendors have continued to do an exemplary job in support of your positive dedicated leadership and the active support and cooperation of the membership. All of you continue to make being a part of the MCRCSIP family a real pleasure.

Thank you all for the opportunity!

Respectfully submitted,

Thomas Brouwer

Certificate of Achievement for Excellence in Financial Reporting

Presented to
Michigan County Road
Commission Self-Insurance
Pool

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
March 31, 2003

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



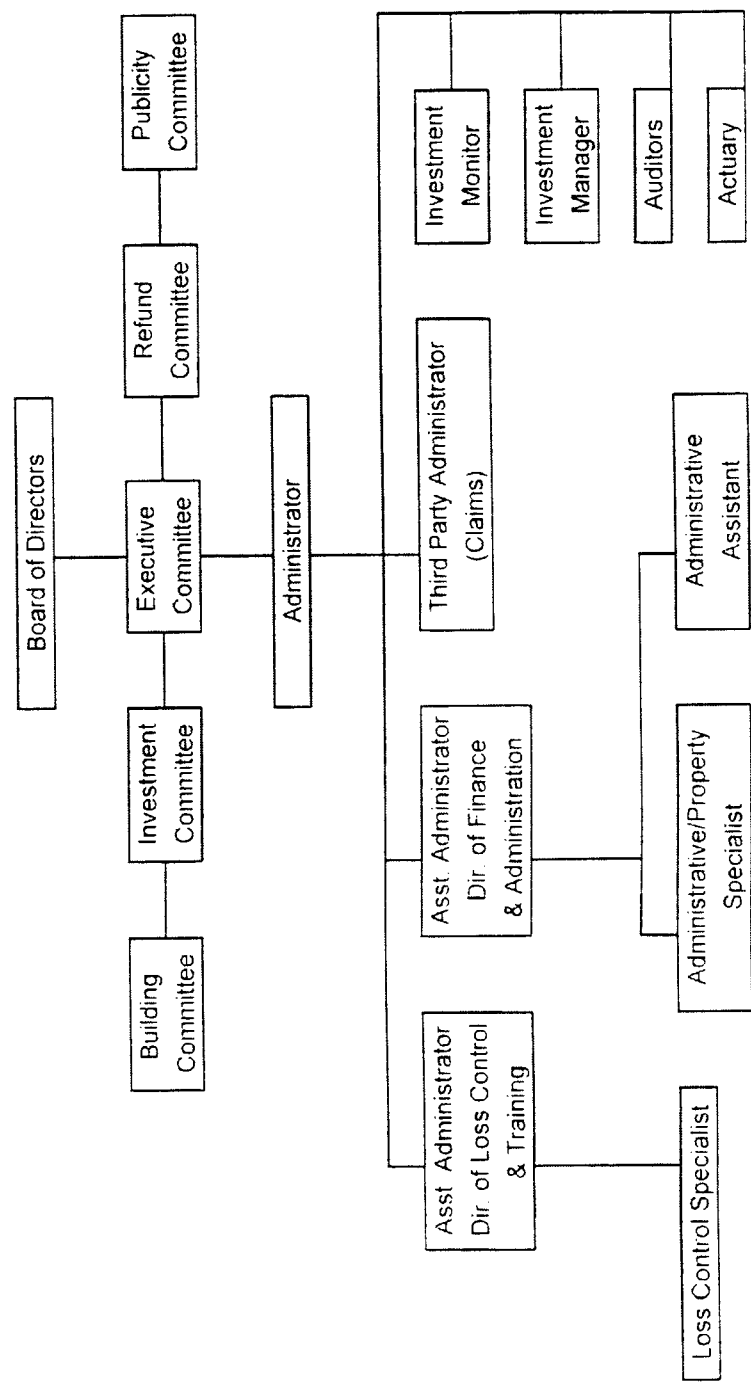
Edward H. Hengge
President

Jeffrey R. Emer
Executive Director

Michigan County Road Commission Self-Insurance Pool

Organizational Chart

Michigan County Road Commission Self-Insurance Pool Organizational Chart



Michigan County Road Commission Self-Insurance Pool

List of Officers and Committees

2003/2004 BOARD OF DIRECTORS

Karl Schmidt
Jackson County Road Commission **Chairman**

Sharon Hice
Eaton County Road Commission **Vice-Chairman**

Jeff Best
Kent County Road Commission **Director**

Lonny Lutke
Missaukee County Road Commission **Director**

Louis MacDonald
Chippewa County Road Commission **Director**

Donald Maronde
St. Clair County Road Commission **Director**

Robert Menard
Marquette County Road Commission **Director**

Dorothy Pohl
Ionia County Road Commission **Director**

James Vermeesch
Cheboygan County Road Commission **Director**

STAFF
Thomas Brouwer **Administrator**

Gayle Pratt
Assistant Administrator
Director of Finance/Administration

Michael Shultz
Assistant Administrator
Director of Loss Control/Training

Michael Phillips
Loss Control Specialist

Kay Newberry
Administrative/Property Specialist

Janet Wise
Administrative Assistant

Financial Section

Independent Auditor's Report

To the Board of Directors
Michigan County Road Commission
Self-Insurance Pool

We have audited the basic financial statements of Michigan County Road Commission Self-Insurance Pool, as of and for the years ended March 31, 2004 and 2003. These basic financial statements are the responsibility of the Pool's management. Our responsibility is to express an opinion on these basic financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of Michigan County Road Commission Self-Insurance Pool at March 31, 2004 and 2003, and the changes in financial position, including cash flows, for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The other supplemental information listed in the financial section of the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements of Michigan County Road Commission Self-Insurance Pool. This information has been subjected to the procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The statistical data listed in the statistical section of the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements of Michigan County Road Commission Self-Insurance Pool. The financial information has been subjected to the procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. We did not audit the claim count information and express no opinion on it.

To the Board of Directors
Michigan County Road Commission
Self-Insurance Pool

The management discussion and analysis is not a required part of the basic financial statements but is supplemental information required by the Governmental Accounting Standards Board (GASB). We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

As described in Note 7, the Pool has implemented a new financial reporting model, as required by the provisions of the GASB Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*, and related statements, as of April 1, 2003.

Plante & Moran, PLLC

May 20, 2004

Michigan County Road Commission Self-Insurance Pool

Management's Discussion and Analysis

Using This Annual Report

This annual report consists of the Statement of Net Assets, the Statement of Revenue, Expenses, and Changes in Net Assets, and the Statement of Cash Flows. Along with the footnotes, they provide detailed financial information concerning the Michigan County Road Commission Self-Insurance Pool (Pool). This section, the Management's Discussion and Analysis, is intended to provide an overview of the Pool's financial condition, result of operations, and other key information.

Financial Overview

In analyzing the Pool's financial position, it is important to recognize the mission of the Pool. From a financial perspective, the Pool's general objectives are to formulate, develop, and administer, on behalf of the members, a program of insurance, to obtain lower costs for that coverage, and develop a comprehensive loss prevention program. As of March 31, 2004, 78 county road commissions and one water authority within the State of Michigan participate in the Pool (79 members).

The key financial statistics for the Pool would be based on total anticipated claims to be paid in a specific policy year as compared to the contributions received from members, otherwise known in the industry as a "loss ratio."

	Policy Year Ended		
	2004	2003	2002
Total member contributions	\$ 18,561,140	\$ 15,964,448	\$ 14,810,048
Total estimated claim payments	\$ 15,023,469	\$ 11,089,183	\$ 8,960,177
Loss ratio	80.9%	69.5%	60.5%

Total estimated claim payments for each policy year consists of claim payments and an estimate of unsettled claims estimated by a third-party administrator and an estimate of claims incurred but not reported by an independent actuary. The methods of making such estimates are continuously reviewed by management, and according to industry practice, any changes to these estimates will have an impact on reported results of future periods. Claim payments can change significantly from period to period because the ultimate amount paid for claims is dependent on the frequency of claims filed as well as other events such as jury decisions, court interpretations, and legislative changes.

Michigan County Road Commission Self-Insurance Pool

Management's Discussion and Analysis (Continued)

Financial Overview (Continued)

To reduce the Pool's exposure to large specific claims and aggregate policy year claims, the Pool enters into excess insurance contracts to recover losses in excess of stated amounts in the excess insurance contract. Currently, the per claim limit totals \$1.0 million for general liability for 2004 and 2003, and \$2.0 million and \$1.75 million for auto liability for 2004 and 2003, respectively. The aggregate limit, based on each policy year, totals approximately \$11.5 million for 2004 and 2003, respectively.

The Pool's total assets, liabilities, and net assets remained consistent from a year ago. Approximately 89 percent in 2004 and 98 percent in 2003 of the assets consist of investments. Approximately 99 percent in 2004 and 2003 of total liabilities consist of allowances for unsettled claims and claims incurred but not reported. Due to the nature of self-insurance pools and the related reporting and settlement processes of claims, it is anticipated, based on historical averages of the Pool, that approximately 18 percent of the estimated unsettled claims and claims incurred but not reported will be settled within one year. The analysis below presents a comparison of the Pool's current year financial position to the prior year:

	2004	2003	% Change
Current assets	\$ 66,785,783	\$ 54,993,876	21.4%
Long-term assets	<u>335,044</u>	<u>429,724</u>	-22.0%
Total assets	<u>\$ 67,120,827</u>	<u>\$ 55,423,600</u>	21.1%
Current liabilities	5,774,532	5,761,912	0.2%
Long-term liabilities	<u>26,849,585</u>	<u>27,350,311</u>	-1.8%
Total liabilities	32,624,117	33,112,223	-1.5%
Net assets:			
Invested in capital assets (restricted)	306,999	325,496	-5.7%
Unrestricted	<u>34,189,711</u>	<u>21,985,881</u>	55.5%
Total net assets	<u>34,496,710</u>	<u>22,311,377</u>	54.6%
Total liabilities and net assets	<u>\$ 67,120,827</u>	<u>\$ 55,423,600</u>	21.1%

Michigan County Road Commission Self-Insurance Pool

Management's Discussion and Analysis (Continued)

Financial Overview (Continued)

The following table shows the major components of income from operations for the current year, compared to the prior year:

	2004	2003	% Change
Revenue			
Member contributions	\$ 18,561,140	\$ 15,964,448	16.3%
Rental income	97,365	92,914	4.8%
Total revenue	18,658,505	16,057,362	16.2%
Expenses			
Total provision for claims	(7,244,735)	(8,226,516)	-11.9%
Total operating expenses	(8,881,828)	(6,658,273)	33.4%
Total expenses	(16,126,563)	(14,884,789)	8.3%
Excess of Revenue Over Expenses and Claims - Before other income (expense) and distributions to members	2,531,942	1,172,573	115.9%
Other Income (Expense)			
Interest and dividend income	2,521,407	2,533,282	-0.5%
Realized and unrealized gains (losses) on investments	7,131,984	(7,101,535)	200.4%
Total other income (expense)	9,653,391	(4,568,253)	311.3%
Excess of Revenue Over (Under) Expenses - Before distributions to members	12,185,333	(3,395,680)	458.8%
Distributions to Members	-	(2,500,000)	100.0%
Total Increase (Decrease) in Net Assets	<u>\$ 12,185,333</u>	<u>\$ (5,895,680)</u>	306.7%

The increase in operating expenses is a result of an increase in the reinsurance and excess insurance premiums for 2004. Total provision for claims, as noted above, is dependent on many factors and will change from year to year based on these factors.

Michigan County Road Commission Self-Insurance Pool

Management's Discussion and Analysis (Continued)

Economic Factors and Next Year's Rates

The expected rates charged by the Pool for member contributions for the next fiscal year are expected to increase approximately five percent. MCCA assessment is expected to increase by 27 percent from the amount reported in 2004. All other operating expenses are expected to remain consistent with amounts reported in 2004. The provision for claim payments is expected to be consistent with historical trends and we are unaware of any economic events or legislative events that would have significant impact on the operations of the Pool.

Contacting the Pool's Management

This financial report is intended to provide our members and regulators with a general overview of the accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact Gayle Pratt, CPA, Assistant Administrator and Director of Finance/Administration, Michigan County Road Commission Self-Insurance Pool, at 517-482-9166.

Basic Financial Statements

Michigan County Road Commission Self-Insurance Pool

Statement of Net Assets

	March 31	
	2004	2003
Current Assets		
Cash and Cash Equivalents (Note 2)	\$ 6,942,387	\$ 708,321
Investments (Note 2)	59,491,957	54,084,370
Receivables:		
Accrued interest on investments	272,233	171,795
Members	35,000	29,390
Other	44,206	-
Total current assets	66,785,783	54,993,876
Capital Assets - Net (Note 3)	306,999	325,496
Other Assets	28,045	104,228
Total assets	<u><u>\$ 67,120,827</u></u>	<u><u>\$ 55,423,600</u></u>
Current Liabilities		
Accounts payable	\$ 14,532	\$ 51,912
Current portion of allowances for unsettled claims and claims incurred but not reported (Note 5)	5,760,000	5,710,000
Total current liabilities	5,774,532	5,761,912
Long-Term Liabilities - Allowances for unsettled claims and claims incurred but not reported, net of current portion (Note 5)	26,849,585	27,350,311
Total liabilities	32,624,117	33,112,223
Net Assets		
Invested in capital assets	306,999	325,496
Unrestricted	34,189,711	21,985,881
Total net assets	34,496,710	22,311,377
Total liabilities and net assets	<u><u>\$ 67,120,827</u></u>	<u><u>\$ 55,423,600</u></u>

See Notes to Financial Statements.

Michigan County Road Commission Self-Insurance Pool

Statement of Revenue, Expenses, and Changes in Net Assets

	Year Ended March 31	
	2004	2003
Revenue		
Member contributions	\$ 18,561,140	\$ 15,964,448
Rental income	97,365	92,914
Total revenue	18,658,505	16,057,362
Expenses		
Provision for claims:		
Payments	7,695,461	5,279,417
Increase (decrease) in allowances for unsettled claims and claims incurred but not reported (Note 5)	(450,726)	2,947,099
Reinsurance and excess insurance premiums and state assessments (Note 4)	6,526,885	4,468,305
Service fee	1,143,505	1,129,521
Administrative expenses:		
Salaries and wages	340,081	330,400
Taxes and insurance	129,273	105,505
Professional fees	179,828	164,563
Investment expenses	213,467	158,298
Office expenses	126,358	81,509
Rental expenses	81,300	74,169
Depreciation	29,798	27,091
Other	111,333	118,912
Total expenses	16,126,563	14,884,789
Excess of Revenue Over Expenses - Before other income (expense) and distributions to members	2,531,942	1,172,573
Other Income (Expense)		
Interest and dividend income	2,521,407	2,533,282
Realized and unrealized gains (losses) on investments	7,131,984	(7,101,535)
Total other income (expense)	9,653,391	(4,568,253)
Excess of Revenue Over (Under) Expenses - Before distributions to members	12,185,333	(3,395,680)
Distributions to Members (Note 6)	-	(2,500,000)
Excess of Revenue Over (Under) Expenses	12,185,333	(5,895,680)
Net Assets - Beginning of year	22,311,377	28,207,057
Net Assets - End of year	\$ 34,496,710	\$ 22,311,377

See Notes to Financial Statements.

Michigan County Road Commission Self-Insurance Pool

Statement of Cash Flows

	Year Ended March 31	
	2004	2003
Cash Flows From Operating Activities		
Cash received from member contributions	\$ 18,511,324	\$ 16,001,867
Cash paid for reinsurance and excess insurance premiums	(6,526,885)	(4,468,305)
Cash paid for claims	(7,695,461)	(5,279,417)
Cash paid to suppliers and others	(2,188,977)	(1,952,044)
Net cash provided by operating activities	2,100,001	4,302,101
Cash Flows From Capital and Related Financing Activities		
Purchase of fixed assets	(11,401)	(13,721)
Proceeds from sale of equipment	100	-
Net cash used in financing activities	(11,301)	(13,721)
Cash Flows From Investing Activities		
Interest and dividend income	2,420,969	2,575,395
Purchase of investments	(56,130,611)	(23,396,738)
Proceeds from sale or maturity of investments	57,855,008	18,976,210
Net cash provided by (used in) investing activities	4,145,366	(1,845,133)
Cash Flows From Noncapital Financing Activities		
Distributions to members	-	(2,500,000)
Net Increase (Decrease) in Cash and Cash Equivalents	6,234,066	(56,753)
Cash and Cash Equivalents - Beginning of year	708,321	765,074
Cash and Cash Equivalents - End of year	<u>\$ 6,942,387</u>	<u>\$ 708,321</u>

Michigan County Road Commission Self-Insurance Pool

Statement of Cash Flows (Continued)

A reconciliation of excess of income over expenses before other income (expense) and distributions to members to net cash provided by operating activities is as follows:

	Year Ended March 31	
	2004	2003
Excess of revenue over expenses before other income (expense) and distributions to members	\$ 2,531,942	\$ 1,172,573
Adjustments to reconcile excess of revenue over expenses before other income (expense) and distributions to members to net cash from operating activities:		
Depreciation expense	29,798	27,091
(Increase) decrease in assets:		
Receivables	(49,816)	37,419
Other assets	76,183	98,513
Increase (decrease) in liabilities:		
Accounts payable	(37,380)	19,406
Allowances for unsettled claims and claims incurred but not reported	(450,726)	2,947,099
Net cash provided by operating activities	<u>\$ 2,100,001</u>	<u>\$ 4,302,101</u>

The Pool had an unrealized gain on investments of \$6,901,905 for the year ended March 31, 2004, and an unrealized loss on investments of \$5,821,832 for the year ended March 31, 2003.

Michigan County Road Commission Self-Insurance Pool

**Notes to Financial Statements
March 31, 2004 and 2003**

Note 1 - Nature of Entity and Significant Accounting Policies

The Michigan County Road Commission Self-Insurance Pool was established April 1, 1984, under the laws of the State of Michigan as a governmental group self-insurance trust. Activity relating to the formation of the Pool, including the selection of the Board of Directors, began in October 1983 under the sponsorship of the County Road Association of Michigan, the founding association. The Pool provides various types of liability coverage to its members, including general, automobile, public official errors and omissions, commercial crime, umbrella, and trunkline. The Pool also provides various types of physical damage coverage including property, automobile, and equipment. The members are Michigan county road commissions. Road commissions applying for membership in the Pool may do so on approval of two-thirds vote of the Board of Directors of the Pool. Members in the Pool may withdraw from the Pool by giving 60 days notice. Upon approval of withdrawal, the withdrawing road commission is responsible for its claims incurred subsequent to withdrawal and will be denied any excess premiums that are distributed. As of March 31, 2004, there were 79 members participating in the Pool.

The Pool utilizes the accrual method of accounting. Contributions from members are recorded as revenue ratably over the period the contribution applies to. Claim losses, along with reinsurance and excess insurance premiums, service fees, and administrative costs, are recorded as expenses in the period they are incurred. The Pool applies all applicable Financial Accounting Standards Board (FASB) pronouncements issued prior to November 30, 1989, for its proprietary operations. The estimated total claim losses are accrued based on the estimate of claims that will be ultimately filed and paid for each insurance period. It is anticipated that, to the extent that an insurance period has an excess or deficit, the Board of Directors will determine the manner of disposition or recovery of such excesses or deficits. The Pool may assess members a supplemental assessment in the event of deficiencies.

Cash Equivalents - The Pool considers all highly liquid debt investments purchased with a maturity of three months or less to be cash equivalents.

Investments - Investments are stated at fair value, based on quoted market prices.

Accounts Receivable - Accounts receivable are stated at invoice cost. Account balances that are deemed to be uncollectible are written off and membership is terminated.

Capital Assets - Capital assets are recorded at cost. Depreciation is computed primarily using the straight-line method over the useful lives of the assets.

Federal Income Tax Status - The Pool is treated as a trust that distributes its earnings to members. Accordingly, no provision has been made for taxes on income.

Michigan County Road Commission Self-Insurance Pool

Notes to Financial Statements March 31, 2004 and 2003

Note 1 - Nature of Entity and Significant Accounting Policies (Continued)

Allowances for Unsettled Claims and Claims Incurred but not Reported - Allowances for unsettled claims and claims incurred but not reported represent the estimated liability for unpaid insurance losses and related expenses from reported claims and claims incurred but not reported. Changes to such estimates are reflected in earnings currently.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Note 2 - Deposits and Investments

The Pool's deposits and investments are included on the balance sheet under the following classifications:

	<u>2004</u>	Balance Sheet Classification		
		Cash	Investments	Total
Deposits		\$ 6,942,237	\$ -	\$ 6,942,237
Investments		-	59,491,957	59,491,957
Petty cash or cash on hand		150	-	150
Total		<u>\$ 6,942,387</u>	<u>\$ 59,491,957</u>	<u>\$ 66,434,344</u>
<u>2003</u>				
Deposits		\$ 708,171	\$ -	\$ 708,171
Investments		-	54,084,370	54,084,370
Petty cash or cash on hand		150	-	150
Total		<u>\$ 708,321</u>	<u>\$ 54,084,370</u>	<u>\$ 54,792,691</u>

Deposits

The above deposits were reflected in the accounts of the bank (without recognition of checks written but not yet cleared or of deposits in transit) at \$6,110,143 and \$724,449 at March 31, 2004 and 2003, respectively. Of those amounts, \$130,916 and \$223,070 were covered by federal depository insurance, and the remainder was uninsured and uncollateralized at March 31, 2004 and 2003, respectively.

Michigan County Road Commission Self-Insurance Pool

Notes to Financial Statements March 31, 2004 and 2003

Note 2 - Deposits and Investments (Continued)

Investments

The Pool invests in U.S. agency mortgage pools, bonds of U.S. agencies, certain commercial paper, and certain equity securities. To the extent that cash from various policy years has been pooled in an investment, related investment income is allocated to each policy year based on relative participation in the Pool.

The Pool's investments are categorized below to give an indication of the level of risk assumed by the entity at March 31, 2004 and 2003. Risk Category 1 includes those investments that meet any one of the following criteria:

- a. Insured
- b. Registered
- c. Held by the Pool or its agent in the Pool's name

Risk Categories 2 and 3 include investments that are neither insured nor registered. Category 2 includes investments that are held by the counterparty's trust department (or agent) in the Pool's name. Category 3 includes investments held by:

- a. The counterparty or
- b. The counterparty's trust department (or agent) but not in the Pool's name

	Category			Fair Value
	1	2	3	
<u>2004</u>				
Bonds of U.S. agencies	\$ -	\$ 16,198,111	\$ -	\$ 16,198,111
Commercial paper	-	2,848,960	-	2,848,960
Equity securities	-	36,624,064	-	36,624,064
Subtotal	\$ -	\$ 55,671,135	\$ -	55,671,135
U.S. agency mortgage pools/mutual funds				3,820,822
Total investments				<u>\$ 59,491,957</u>
<u>2003</u>				
Bonds of U.S. agencies	\$ -	\$ 8,370,121	\$ -	\$ 8,370,121
Commercial paper	-	2,194,209	-	2,194,209
Equity securities	-	25,893,237	-	25,893,237
Subtotal	\$ -	\$ 36,457,567	\$ -	36,457,567
U.S. agency mortgage pools/mutual funds				17,626,803
Total investments				<u>\$ 54,084,370</u>

Michigan County Road Commission Self-Insurance Pool

Notes to Financial Statements

March 31, 2004 and 2003

Note 2 - Deposits and Investments (Continued)

The U.S. agency mortgage pools and mutual funds are not categorized because they are not evidenced by securities that exist in physical or book entry form. Both are regulated by the Security Exchange Commission (SEC). The fair value of the position in the mortgage pools is the same as the value of the pool shares. The mutual funds totaled approximately \$14,976,000 at March 31, 2003. There were no mutual funds at March 31, 2004. The U.S. agency mortgage pools consisted of the following:

- Approximately \$137,000 and \$339,000 of investments at March 31, 2004 and 2003, respectively, represents investments in a pool comprised of securities issued by the Government National Mortgage Association (GNMA). Investments in the pool do not exist in book entry form and, therefore, are not categorized as to risk. These investments are backed by the full faith and credit of the U. S. government. The yields provided by these mortgage-related securities historically have exceeded the yields on other types of U. S. government securities with comparable maturities, in large measure due to the potential for prepayment. Prepayment could result in difficulty in reinvesting the prepaid amounts in investments with comparable yields.
- Approximately \$3,683,000 and \$2,312,000 of investments at March 31, 2004 and 2003, respectively, represents investments in a pool comprised of obligations of the Federal National Mortgage Association (FNMA). Investments in the pool do not exist in book entry form and, therefore, are not categorized as to risk. These investments are usually not backed by the full faith and credit of the U. S. government, but are generally considered to offer modest credit risks. The yields provided by these mortgage-related securities historically have exceeded the yields on other types of U. S. government securities with comparable maturities, in large measure due to the potential for prepayment. Prepayment could result in difficulty in reinvesting the prepaid amounts in investments with comparable yields.

Michigan County Road Commission Self-Insurance Pool

Notes to Financial Statements March 31, 2004 and 2003

Note 3 - Capital Assets

Capital asset activity of the Pool's business-type activities was as follows:

	Balance April 1, 2003	Additions	Disposals and Adjustments	Balance March 31, 2004
Capital assets not being depreciated:				
Land	\$ 22,855	\$ -	\$ -	\$ 22,855
Capital assets being depreciated:				
Building	484,327	-	-	484,327
Building improvements	130,451	-	-	130,451
Office equipment	86,369	11,401	48,529	49,241
Subtotal	701,147	11,401	48,529	664,019
Accumulated depreciation:				
Building	203,117	15,375	-	218,492
Building improvements	130,451	-	-	130,451
Office equipment	64,938	14,423	48,429	30,932
Subtotal	398,506	29,798	48,429	379,875
Net capital assets being depreciated	302,641	(18,397)	100	284,144
Net capital assets	<u>\$ 325,496</u>	<u>\$ (18,397)</u>	<u>\$ 100</u>	<u>\$ 306,999</u>

Depreciation expense was charged to the Pool as follows:

	2004	2003
Building	\$ 15,375	\$ 15,375
Office equipment	14,423	11,716
Total	<u>\$ 29,798</u>	<u>\$ 27,091</u>

Michigan County Road Commission Self-Insurance Pool

Notes to Financial Statements

March 31, 2004 and 2003

Note 4 - Insurance Coverage

The Pool uses reinsurance and excess insurance contracts to reduce its exposure to large aggregate and specific losses. These contracts allow the Pool to recover losses in excess of aggregate and specific coverages specified in the contracts; however, it does not discharge the primary liability of the Pool of the risks covered by these contracts. The Pool does not report the liabilities expected to be paid under these contracts unless it is probable that those liabilities will not be covered and paid.

The Michigan Catastrophic Claims Association (MCCA) is a private, nonprofit association created by Michigan statute as a means of spreading the costs for providing unlimited personal injury protection benefits offered through no-fault auto insurance policies across all Michigan motorists. The MCCA has a Board of Directors that establishes an annual assessment charged to every Michigan auto insurance premium.

The Michigan Assigned Claims Facility (ACF) was created by Michigan statute in 1973 to provide financial help to people injured in an uninsured motor vehicle accident, who have no insurance coverage of their own. The ACF is administered by the Michigan Department of State under authority of the No-Fault Insurance Law. The ACF assesses all insurers an annual fee based on the number of vehicles insured in order to cover the costs of this plan.

Premiums ceded under these contracts during the years ended March 31, 2004 and 2003, were as follows:

	2004	2003
MCCA	\$ 619,096	\$ 359,630
ACF	44,456	39,945
Reinsurance and excess insurance premiums	<u>5,863,333</u>	<u>4,068,730</u>
Total	<u>\$ 6,526,885</u>	<u>\$ 4,468,305</u>

The amounts deducted from allowances for unsettled claims and claims incurred but not reported as of March 31, 2004 and 2003, for expected recoveries under these contracts were \$2,804,320 and \$6,685,028, respectively.

Michigan County Road Commission Self-Insurance Pool

Notes to Financial Statements March 31, 2004 and 2003

Note 5 - Allowances for Unsettled Claims and Claims Incurred but not Reported

The Pool's allowances for unsettled claims and claims incurred but not reported were computed actuarially for the years ended March 31, 2004 and 2003, and are based on the estimated ultimate cost of settling claims, including the effects of inflation and other societal and economic factors. The allowances for unsettled claims and claims incurred but not reported are presented at present value using discount rates for the years ended March 31, 2004 and 2003, of six percent. The estimates reflect the Pool's best judgment as to the potential for claims to increase beyond the amounts already paid and reserved on filed claims. It is at least reasonably possible that a material change in the estimate will occur within the near term and thus the actual claims paid may be substantially different than these estimates.

The following table presents changes in the allowances for the fiscal years ended March 31, 2004 and 2003:

	2004	2003
Claims filed at March 31 that remain unsettled as of that date	\$ 12,860,319	\$ 16,482,908
Estimate of claims incurred prior to March 31 not reported as of that date that are expected to be filed in the future	24,072,558	25,083,637
Less portion to be paid by reinsurance and excess insurance carriers	<u>2,804,319</u>	<u>6,685,028</u>
Total undiscounted reserves	34,128,558	34,881,517
Less effect of discount	<u>1,518,973</u>	<u>1,821,206</u>
Total	<u>\$ 32,609,585</u>	<u>\$ 33,060,311</u>

Michigan County Road Commission Self-Insurance Pool

Notes to Financial Statements March 31, 2004 and 2003

Note 5 - Allowances for Unsettled Claims and Claims Incurred but not Reported (Continued)

	2004	2003
Allowances for Unsettled Claims and Claims Incurred but not Reported -		
Beginning of year	\$ 33,060,311	\$ 30,113,212
Incurred claims and claims adjustment expenses:		
Provision for insured events of the current year	15,005,736	14,199,184
Decrease in provision for insured events of prior years	<u>(11,943,946)</u>	<u>(10,475,461)</u>
Total incurred claims and claims adjustment expenses	3,061,790	3,723,723
Payments:		
Claims and claims adjustment expenses attributable to insured events of the current year	1,147,774	1,533,157
Claims and claims adjustment expenses attributable to insured events of prior years	<u>6,547,687</u>	<u>3,746,260</u>
Total payments	7,695,461	5,279,417
Decrease in amount to be paid by reinsurance and excess insurance carriers	3,880,709	3,731,364
Decrease in present value discount	<u>302,236</u>	<u>771,429</u>
Allowances for Unsettled Claims and Claims Incurred but not Reported -		
End of year	<u>\$ 32,609,585</u>	<u>\$ 33,060,311</u>

Michigan County Road Commission Self-Insurance Pool

Notes to Financial Statements March 31, 2004 and 2003

Note 5 - Allowances for Unsettled Claims and Claims Incurred but not Reported (Continued)

The following, based on historical trends of the Pool, summarizes the anticipated settlement of claims at March 31, 2004 and 2003:

	2004	2003
Claims anticipated to be settled within one year	\$ 5,760,000	\$ 5,710,000
Claims anticipated to be settled in excess of one year	<u>26,849,585</u>	<u>27,350,311</u>
Total allowances for unsettled claims and claims incurred but not reported	<u>\$ 32,609,585</u>	<u>\$ 33,060,311</u>

Note 6 - Distributions to Members

The Pool distributed funds to members as follows:

	2004	2003
Interest earnings distributions:		
1992-93	\$ -	\$ 525,832
1993-94	-	285,364
1994-95	-	488,145
1995-96	-	595,222
1996-97	-	201,856
1997-98	-	149,177
1998-99	-	<u>254,404</u>
Total	<u>\$ -</u>	<u>\$ 2,500,000</u>

Michigan County Road Commission Self-Insurance Pool

Notes to Financial Statements March 31, 2004 and 2003

Note 7 - Accounting Change

During the current year, the Pool has implemented a new financial reporting model, as required by the provisions of the GASB Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*, and related statements, as of April 1, 2003. As a result of adopting this statement:

- The statements now include a section entitled "Management's Discussion and Analysis."
- The equity of Pool is now referred to as "Net Asset," rather than "Retained Earnings."
- The Statement of Cash Flows is now utilizing the direct method of reporting net cash flows from operating activities.

Other Supplemental Information

Michigan County Road Commission Self-Insurance Pool

	1994	1995	1996	1997
Required contributions and investment income:				
Earned	\$ 14,037,443	\$ 19,844,904	\$ 18,889,722	\$ 15,882,496
Ceded	-	-	-	-
Net earned	14,037,443	19,844,904	18,889,722	15,882,496
Unallocated expenses	1,720,208	1,736,552	1,783,744	2,082,737
Estimated claims and expenses, end of policy year:				
Incurred	10,500,345	11,011,132	9,756,580	9,677,177
Ceded	-	-	-	-
Net incurred	10,500,345	11,011,132	9,756,580	9,677,177
Net paid (cumulative) as of:				
End of policy year	430,926	345,412	557,323	320,450
One year later	1,838,813	1,205,247	1,452,462	3,136,596
Two years later	3,249,183	3,151,127	2,785,763	5,063,076
Three years later	4,914,068	5,700,626	3,942,550	7,514,971
Four years later	5,453,266	6,328,286	4,240,093	9,022,147
Five years later	5,608,526	6,464,286	4,269,507	8,967,630
Six years later	5,646,720	6,504,423	4,650,077	8,961,747
Seven years later	5,708,447	6,512,228	4,651,209	8,969,502
Eight years later	5,698,507	6,512,729	4,659,654	-
Nine years later	5,698,507	6,512,729	-	-
Ten years later	5,698,507	-	-	-
Reestimated ceded claims and expenses	-	-	(1)	-
Reestimated net incurred claims and expenses:				
End of policy year	10,500,345	11,011,132	9,756,580	9,677,177
One year later	11,026,041	11,088,503	10,650,079	10,287,878
Two years later	10,223,278	11,647,045	9,672,051	10,390,125
Three years later	8,695,960	9,914,668	7,684,549	10,428,401
Four years later	7,463,302	8,497,398	6,782,609	10,442,014
Five years later	6,830,170	7,601,623	5,815,146	9,834,105
Six years later	6,434,124	7,406,600	5,010,315	9,414,554
Seven years later	5,708,447	7,065,031	4,782,180	9,383,237
Eight years later	5,698,507	6,512,730	4,760,472	-
Nine years later	5,698,507	6,512,730	-	-
Ten years later	5,698,507	-	-	-
Increase (decrease) in estimated net incurred claims and expenses from end of policy year	\$ (4,801,838)	\$ (4,498,402)	\$ (4,996,108)	\$ (293,940)

* Michigan County Road Commission Self-Insurance Pool adopted GASB Statement No. 30, *Risk Finance Omnibus*, an amendment of GASB No. 10, on a prospective basis.

**Schedule of Claims Information for All Lines of Coverages
Fiscal Year Ended March 31, 2004**

1998*	1999	2000	2001	2002	2003	2004
\$ 15,989,924 4,308,984	\$ 15,320,603 4,184,576	\$ 14,758,833 3,928,497	\$ 14,320,277 4,007,943	\$ 15,026,391 4,353,993	\$ 15,678,785 4,468,305	\$ 19,249,578 6,526,885
11,680,940	11,136,027	10,830,336	10,312,334	10,672,398	11,210,480	12,722,693
2,294,897	2,115,249	2,095,347	2,040,347	1,897,958	2,189,968	2,354,943
13,463,353 3,862,148	12,819,480 2,638,027	13,408,327 3,750,582	13,750,556 3,570,418	13,124,223 2,964,752	14,876,186 1,816,596	16,750,809 1,727,340
9,601,205	10,181,453	9,657,745	10,180,138	10,159,471	13,059,590	15,023,469
492,882	555,130	653,977	830,883	602,748	1,533,157	1,147,774
2,066,241	1,805,447	2,137,392	1,719,653	1,356,261	2,215,606	-
3,910,444	3,184,325	3,822,917	3,473,137	4,553,459	-	-
6,379,990	3,692,345	4,754,297	4,874,555	-	-	-
6,506,477	3,958,263	5,308,364	-	-	-	-
6,552,692	3,921,255	-	-	-	-	-
7,286,055	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
464,140	-	3,751	213,768	102,147	293,174	1,727,340
9,601,205	10,181,453	9,657,745	10,180,138	10,159,471	13,059,590	15,023,469
9,861,429	10,544,669	10,118,507	9,979,426	10,544,208	11,089,183	-
9,887,880	9,851,275	10,042,444	10,082,165	8,960,177	-	-
8,487,827	6,543,279	8,146,333	8,139,388	-	-	-
7,953,216	4,483,918	6,238,269	-	-	-	-
7,788,125	4,265,143	-	-	-	-	-
7,686,470	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
\$ (1,914,735)	\$ (5,916,310)	\$ (3,419,476)	\$ (2,040,750)	\$ (1,199,294)	\$ (1,970,407)	\$ -

Michigan County Road Commission Self-Insurance Pool

	Prior years	1994-95 Policy Year	1995-96 Policy Year	1996-97 Policy Year	1997-98 Policy Year
Revenue					
Member contributions	\$ 30,033,793	\$ 15,624,957	\$ 15,266,473	\$ 15,149,791	\$ 14,759,107
Rental income	<u>167,955</u>	<u>86,974</u>	<u>88,104</u>	<u>82,290</u>	<u>79,099</u>
Total revenue	30,201,748	15,711,931	15,354,577	15,232,081	14,838,206
Expenses					
Provision for claims:					
Payments	10,394,554	6,512,729	4,659,654	8,969,502	7,286,055
Increase in allowances for unsettled claims and claims incurred but not reported	-	1	100,818	413,735	400,415
Reinsurance and excess insurance premiums	10,081,756	4,620,447	4,434,153	4,272,028	4,308,984
Service fee	2,340,590	1,212,022	1,225,982	1,493,069	1,420,000
Administrative expenses:					
Salaries and wages	259,320	141,272	125,599	131,660	140,127
Taxes and insurance	193,012	19,574	12,027	12,132	14,160
Professional fees	180,305	80,769	116,690	105,289	170,622
Investment expenses	154,058	102,371	131,739	151,056	180,246
Office expenses	63,616	33,064	31,607	37,321	49,886
Rental expenses	99,824	64,999	57,157	60,764	100,369
Other	<u>124,929</u>	<u>82,481</u>	<u>82,943</u>	<u>91,446</u>	<u>219,487</u>
Total expenses	<u>23,891,964</u>	<u>12,869,729</u>	<u>10,978,369</u>	<u>15,738,002</u>	<u>14,290,351</u>
Excess of Revenue Over (Under) Expenses -					
Before other income (expenses) and distributions to members	6,309,784	2,842,202	4,376,208	(505,921)	547,855
Other Income (Expense)					
Interest and dividend income	8,539,061	4,293,146	3,607,692	1,435,855	1,325,375
Realized and unrealized gains (losses) on investments	<u>9,727,936</u>	<u>5,996,670</u>	<u>5,913,220</u>	<u>4,201,719</u>	<u>805,256</u>
Total other income (expense)	<u>18,266,997</u>	<u>10,289,816</u>	<u>9,520,912</u>	<u>5,637,574</u>	<u>2,130,631</u>
Excess of Revenue Over (Under) Expenses -					
Before distributions to members	24,576,781	13,132,018	13,897,120	5,131,653	2,678,486
Distributions to Members	<u>14,166,358</u>	<u>6,269,005</u>	<u>6,097,458</u>	<u>2,159,384</u>	<u>409,245</u>
Excess of Revenue Over (Under) Expenses	<u>\$ 10,410,423</u>	<u>\$ 6,863,013</u>	<u>\$ 7,799,662</u>	<u>\$ 2,972,269</u>	<u>\$ 2,269,241</u>

**Schedule of Changes in Net Assets From Operations by Policy Year
for the Ten-Year Period From April 1, 1994
Through March 31, 2004**

1998-99 Policy Year	1999-2000 Policy Year	2000-2001 Policy Year	2001-2002 Policy Year	2002-2003 Policy Year	2003-2004 Policy Year	Total
\$ 14,793,180	\$ 14,386,635	\$ 14,576,954	\$ 14,810,048	\$ 15,964,448	\$ 18,561,140	\$ 183,926,526
<u>81,612</u>	<u>95,496</u>	<u>84,069</u>	<u>93,075</u>	<u>92,914</u>	<u>97,365</u>	<u>1,048,953</u>
14,874,792	14,482,131	14,661,023	14,903,123	16,057,362	18,658,505	184,975,479
3,921,255	5,308,364	4,874,555	4,553,459	2,215,606	1,147,774	59,843,507
343,888	929,905	3,264,833	4,406,718	8,873,577	13,875,695	32,609,585
4,184,576	3,928,497	4,007,943	4,353,993	4,468,305	6,526,885	55,187,567
<u>1,352,850</u>	<u>1,333,240</u>	<u>1,222,863</u>	<u>1,092,350</u>	<u>1,129,521</u>	<u>1,143,505</u>	<u>14,965,992</u>
172,093	182,094	204,758	253,320	330,400	340,081	2,280,724
15,826	17,350	21,168	21,022	105,505	129,273	561,049
136,295	133,285	128,317	83,743	164,563	179,828	1,479,706
180,724	185,420	166,882	93,929	158,298	213,467	1,718,190
49,802	44,060	47,552	61,376	81,509	126,358	626,151
120,666	99,476	126,059	114,103	101,260	111,098	1,055,775
<u>86,993</u>	<u>100,422</u>	<u>122,748</u>	<u>124,703</u>	<u>118,912</u>	<u>111,333</u>	<u>1,266,397</u>
<u>10,564,968</u>	<u>12,262,113</u>	<u>14,187,678</u>	<u>15,158,716</u>	<u>17,747,456</u>	<u>23,905,297</u>	<u>171,594,643</u>
4,309,824	2,220,018	473,345	(255,593)	(1,690,094)	(5,246,792)	13,380,836
1,527,090	965,016	877,983	732,599	473,469	179,816	23,957,102
<u>137,362</u>	<u>(536,211)</u>	<u>(511,106)</u>	<u>(175,932)</u>	<u>447,090</u>	<u>508,622</u>	<u>26,514,626</u>
<u>1,664,452</u>	<u>428,805</u>	<u>366,877</u>	<u>556,667</u>	<u>920,559</u>	<u>688,438</u>	<u>50,471,728</u>
5,974,276	2,648,823	840,222	301,074	(769,535)	(4,558,354)	63,852,564
<u>254,404</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>29,355,854</u>
<u>\$ 5,719,872</u>	<u>\$ 2,648,823</u>	<u>\$ 840,222</u>	<u>\$ 301,074</u>	<u>\$ (769,535)</u>	<u>\$ (4,558,354)</u>	<u>\$ 34,496,710</u>

Michigan County Road Commission Self-Insurance Pool

	Prior years	1994-95 Policy Year	1995-96 Policy Year	1996-97 Policy Year	1997-98 Policy Year
Revenue					
Member contributions	\$ -	\$ -	\$ -	\$ -	\$ -
Rental income	-	-	-	-	-
Total revenue	-	-	-	-	-
Expenses					
Provision for claims:					
Payments (recoveries)	-	-	8,445	7,755	733,363
Increase in (reduction to) allowances for unsettled claims and claims incurred but not reported	-	-	(30,153)	(39,072)	(835,018)
Reinsurance and excess insurance premiums	-	-	-	-	-
Service fee	-	-	-	-	-
Administrative expenses:					
Salaries and wages	-	-	-	-	-
Taxes and insurance	-	-	-	-	-
Professional fees	-	-	-	-	-
Investment expenses	-	-	-	-	-
Office expenses	-	-	-	-	-
Rental expenses	-	-	-	-	-
Depreciation	-	-	-	-	-
Other	-	-	-	-	-
Total expenses	-	-	(21,708)	(31,317)	(101,655)
Excess of Revenue Over (Under) Expenses -					
Before other income and distributions to members	-	-	21,708	31,317	101,655
Other Income (Loss)					
Interest and dividend income	437,465	287,200	276,026	73,631	142,575
Realized and unrealized losses on investments	1,237,402	812,368	780,759	208,270	403,284
Total other income (loss)	1,674,867	1,099,568	1,056,785	281,901	545,859
Excess of Revenue Over (Under) Expenses -					
Before distributions to members	1,674,867	1,099,568	1,078,493	313,218	647,514
Distributions to Members	-	-	-	-	-
Excess of Revenue Over (Under) Expenses	<u>\$ 1,674,867</u>	<u>\$ 1,099,568</u>	<u>\$ 1,078,493</u>	<u>\$ 313,218</u>	<u>\$ 647,514</u>

Schedule of Changes in Net Assets From Operations by Policy Year
Fiscal Year Ended March 31, 2004

1998-99 Policy Year	1999-2000 Policy Year	2000-2001 Policy Year	2001-2002 Policy Year	2002-2003 Policy Year	2003-2004 Policy Year	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 18,561,140	\$ 18,561,140
-	-	-	-	-	97,365	97,365
-	-	-	-	-	18,658,505	18,658,505
(37,008)	554,067	1,401,418	3,197,198	682,449	1,147,774	7,695,461
(181,767)	(2,462,131)	(3,344,195)	(4,781,229)	(2,652,856)	13,875,695	(450,726)
-	-	-	-	-	6,526,885	6,526,885
-	-	-	-	-	1,143,505	1,143,505
-	-	-	-	-	340,081	340,081
-	-	-	-	-	129,273	129,273
-	-	-	-	-	179,828	179,828
-	-	-	-	-	213,467	213,467
-	-	-	-	-	126,358	126,358
-	-	-	-	-	81,300	81,300
-	-	-	-	-	29,798	29,798
-	-	-	-	-	111,333	111,333
(218,775)	(1,908,064)	(1,942,777)	(1,584,031)	(1,970,407)	23,905,297	16,126,563
218,775	1,908,064	1,942,777	1,584,031	1,970,407	(5,246,792)	2,531,942
232,923	148,562	185,166	242,985	315,058	179,816	2,521,407
658,841	420,219	523,755	687,300	891,164	508,622	7,131,984
891,764	568,781	708,921	930,285	1,206,222	688,438	9,653,391
1,110,539	2,476,845	2,651,698	2,514,316	3,176,629	(4,558,354)	12,185,333
-	-	-	-	-	-	-
<u>\$ 1,110,539</u>	<u>\$ 2,476,845</u>	<u>\$ 2,651,698</u>	<u>\$ 2,514,316</u>	<u>\$ 3,176,629</u>	<u>\$ (4,558,354)</u>	<u>\$ 12,185,333</u>

Michigan County Road Commission Self-Insurance Pool

	March 31, 2004					
	General Liability	Trunkline Liability	Auto Physical Damage	Property Physical Damage	Equipment Physical Damage	Total
Unpaid Claims and Claims Adjustment						
Expenses - Beginning of year	\$ 32,306,038	\$ 182,511	\$ -	\$ 118,528	\$ 453,234	\$ 33,060,311
Incurred claims and claims adjustment expenses:						
Provision for insured events of the current year	13,728,277	-	-	847,593	429,866	15,005,736
Increase (decrease) in provision for insured events of prior years	<u>(12,645,922)</u>	<u>248,648</u>	<u>690,438</u>	<u>(708,966)</u>	<u>471,856</u>	<u>(11,943,946)</u>
Total incurred claims and claims adjustment expenses	1,082,355	248,648	690,438	138,627	901,722	3,061,790
Payments:						
Claims and claims adjustment expenses attributable to insured events of the current year	180,846	74,852	20,224	78,907	792,945	1,147,774
Claims and claims adjustment expenses (recoveries) attributable to insured events of prior years	<u>5,392,426</u>	<u>247,830</u>	<u>670,214</u>	<u>125,653</u>	<u>111,564</u>	<u>6,547,687</u>
Total payments	5,573,272	322,682	690,438	204,560	904,509	7,695,461
Decrease (increase) in amount to be paid by reinsurance and excess insurance carriers	3,880,709	-	-	-	-	3,880,709
Decrease in present value discount	<u>302,236</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>302,236</u>
Unpaid Claims and Claims Adjustment						
Expenses - End of year	<u>\$ 31,998,066</u>	<u>\$ 108,477</u>	<u>\$ -</u>	<u>\$ 52,595</u>	<u>\$ 450,447</u>	<u>\$ 32,609,585</u>

Reconciliation of Claims Liabilities by Type of Contract

March 31, 2003					
General Liability	Trunkline Liability	Auto Physical Damage	Property Physical Damage	Equipment Physical Damage	Total
\$ 29,553,778	\$ 128,078	\$ -	\$ 101,851	\$ 329,505	\$ 30,113,212
13,358,367	-	-	423,290	417,526	14,199,183
(12,084,485)	263,075	519,450	535,665	290,835	(10,475,461)
1,273,882	263,075	519,450	958,955	708,361	3,723,723
114,322	29,510	54,722	920,085	414,518	1,533,157
2,910,093	179,132	464,728	22,193	170,114	3,746,260
3,024,415	208,642	519,450	942,278	584,632	5,279,417
3,731,364	-	-	-	-	3,731,364
771,429	-	-	-	-	771,429
<u>\$ 32,306,038</u>	<u>\$ 182,511</u>	<u>\$ -</u>	<u>\$ 118,528</u>	<u>\$ 453,234</u>	<u>\$ 33,060,311</u>

Michigan County Road Commission Self-Insurance Pool

Budget-to-Actual Table for the Twelve-Month Period Ended March 31, 2004

	Budget	Actual	Variance Favorable (Unfavorable)
Revenue			
Member contributions	\$ 18,237,258	\$ 18,561,140	\$ 323,882
Investment Income	3,032,000	9,653,391	6,621,391
Rental income	566	97,365	96,799
Expenses			
Provision for claims:			
Payments	10,079,000	7,695,461	2,383,539
Reductions to allowance for unsettled claims and claims incurred by not reported	-	(450,726)	N/A
Reinsurance premiums	6,190,832	6,526,885	(336,053)
Service fee	1,143,505	1,143,505	-
Administrative expenses	1,132,771	1,211,438	(78,667)

Statistical Section

Michigan County Road Commission Self-Insurance Pool

Evaluation as of March 31:

Accident Year	1995	1996	1997	1998	1999
1995	\$ 345,412	\$ 1,205,247	\$ 3,151,127	\$ 5,700,626	\$ 6,328,286
1996	-	557,323	1,452,462	2,785,763	3,942,550
1997	-	-	320,450	3,136,596	5,063,076
1998	-	-	-	492,882	2,066,241
1999	-	-	-	-	555,130
2000	-	-	-	-	-
2001	-	-	-	-	-
2002	-	-	-	-	-
2003	-	-	-	-	-
2004	-	-	-	-	-
Total	<u>\$ 345,412</u>	<u>\$ 1,762,570</u>	<u>\$ 4,924,039</u>	<u>\$ 12,115,867</u>	<u>\$ 17,955,283</u>

Loss Payments (Recoveries) During Year Ended March 31:

Accident Year	1995	1996	1997	1998	1999
1995	\$ 345,412	\$ 859,835	\$ 1,945,880	\$ 2,549,499	\$ 627,660
1996	-	557,323	895,139	1,333,301	1,156,787
1997	-	-	320,450	2,816,146	1,926,480
1998	-	-	-	492,882	1,573,359
1999	-	-	-	-	555,130
2000	-	-	-	-	-
2001	-	-	-	-	-
2002	-	-	-	-	-
2003	-	-	-	-	-
2004	-	-	-	-	-
Total	<u>\$ 345,412</u>	<u>\$ 1,417,158</u>	<u>\$ 3,161,469</u>	<u>\$ 7,191,828</u>	<u>\$ 5,839,416</u>

Loss Development Through March 31, 2004
Paid Losses: All Coverages

2000	2001	2002	2003	2004
\$ 6,464,286	\$ 6,504,423	\$ 6,512,228	\$ 6,512,729	\$ 6,512,729
4,240,093	4,269,507	4,650,077	4,651,209	4,659,654
7,514,971	9,022,147	8,967,630	8,961,747	8,969,502
3,910,444	6,379,990	6,506,477	6,552,692	7,286,055
1,805,477	3,184,325	3,692,345	3,958,263	3,921,255
653,977	2,137,392	3,822,917	4,754,297	5,308,364
-	830,883	1,719,653	3,473,137	4,874,555
-	-	602,748	1,356,261	4,553,459
-	-	-	1,533,157	2,215,606
-	-	-	-	1,147,774
<u>\$ 24,589,248</u>	<u>\$ 32,328,667</u>	<u>\$ 36,474,075</u>	<u>\$ 41,753,492</u>	<u>\$ 49,448,953</u>

2000	2001	2002	2003	2004	Total
\$ 136,000	\$ 40,137	\$ 7,805	\$ 501	\$ -	\$ 6,512,729
297,543	29,414	380,570	1,132	8,445	4,659,654
2,451,895	1,507,176	(54,517)	(5,883)	7,755	8,969,502
1,844,203	2,469,546	126,487	46,215	733,363	7,286,055
1,250,347	1,378,848	508,020	265,918	(37,008)	3,921,255
653,977	1,483,415	1,685,525	931,380	554,067	5,308,364
-	830,883	888,770	1,753,484	1,401,418	4,874,555
-	-	602,748	753,513	3,197,198	4,553,459
-	-	-	1,533,157	682,449	2,215,606
-	-	-	-	1,147,774	1,147,774
<u>\$ 6,633,965</u>	<u>\$ 7,739,419</u>	<u>\$ 4,145,408</u>	<u>\$ 5,279,417</u>	<u>\$ 7,695,461</u>	<u>\$ 49,448,953</u>

Michigan County Road Commission Self-Insurance Pool

Evaluation as of March 31:

Accident Year	1995	1996	1997	1998	1999
1995	\$ 1,438,257	\$ 4,667,663	\$ 5,442,303	\$ 1,736,644	\$ 918,828
1996	-	998,624	3,659,806	2,089,481	727,309
1997	-	-	5,693,055	4,335,440	5,090,644
1998	-	-	-	3,068,049	3,905,127
1999	-	-	-	-	1,923,471
2000	-	-	-	-	-
2001	-	-	-	-	-
2002	-	-	-	-	-
2003	-	-	-	-	-
2004	-	-	-	-	-
Total	<u>\$ 1,438,257</u>	<u>\$ 5,666,287</u>	<u>\$ 14,795,164</u>	<u>\$ 11,229,614</u>	<u>\$ 12,565,379</u>

Change in Case Reserves During Year Ended March 31:

Accident Year	1995	1996	1997	1998	1999
1995	\$ 1,438,257	\$ 3,229,406	\$ 774,640	\$ (3,705,659)	\$ (817,816)
1996	-	998,624	2,661,182	(1,570,325)	(1,362,172)
1997	-	-	5,693,055	(1,357,615)	755,204
1998	-	-	-	3,068,049	837,078
1999	-	-	-	-	1,923,471
2000	-	-	-	-	-
2001	-	-	-	-	-
2002	-	-	-	-	-
2003	-	-	-	-	-
2004	-	-	-	-	-
Total	<u>\$ 1,438,257</u>	<u>\$ 4,228,030</u>	<u>\$ 9,128,877</u>	<u>\$ (3,565,550)</u>	<u>\$ 1,335,765</u>

Loss Development Through March 31, 2004
Case Reserves: All Coverages

2000	2001	2002	2003	2004
\$ 525,974	\$ 459,898	\$ 452,093	\$ -	\$ -
606,739	583,777	85,514	84,382	75,892
3,052,215	494,280	393,378	382,486	375,431
5,342,672	1,995,976	1,680,515	1,647,902	681,300
3,349,781	5,106,144	3,146,997	1,773,742	243,051
2,793,051	2,384,599	3,667,899	1,646,002	277,593
-	2,730,398	4,691,274	4,043,894	2,855,354
-	-	2,560,971	5,384,830	3,178,852
-	-	-	1,519,670	2,858,596
-	-	-	-	2,314,250
<u>\$ 15,670,432</u>	<u>\$ 13,755,072</u>	<u>\$ 16,678,641</u>	<u>\$ 16,482,908</u>	<u>\$ 12,860,319</u>

2000	2001	2002	2003	2004	Total
\$ (392,854)	\$ (66,076)	\$ (7,805)	\$ (452,093)	\$ -	\$ -
(120,570)	(22,962)	(498,263)	(1,132)	(8,490)	75,892
(2,038,429)	(2,557,935)	(100,902)	(10,892)	(7,055)	375,431
1,437,545	(3,346,696)	(315,461)	(32,613)	(966,602)	681,300
1,426,310	1,756,363	(1,959,147)	(1,373,255)	(1,530,691)	243,051
2,793,051	(408,452)	1,283,300	(2,021,897)	(1,368,409)	277,593
-	2,730,398	1,960,876	(647,380)	(1,188,540)	2,855,354
-	-	2,560,971	2,823,859	(2,205,978)	3,178,852
-	-	-	1,519,670	1,338,926	2,858,596
-	-	-	-	2,314,250	2,314,250
<u>\$ 3,105,053</u>	<u>\$ (1,915,360)</u>	<u>\$ 2,923,569</u>	<u>\$ (195,733)</u>	<u>\$ (3,622,589)</u>	<u>\$ 12,860,319</u>

Michigan County Road Commission Self-Insurance Pool

Evaluation as of March 31:

Accident Year	1995	1996	1997	1998	1999
1995	\$ 1,783,669	\$ 5,872,910	\$ 8,593,430	\$ 7,437,270	\$ 7,247,114
1996	-	1,555,947	5,112,268	4,875,244	4,669,859
1997	-	-	6,013,505	7,472,036	10,153,720
1998	-	-	-	3,560,931	5,971,368
1999	-	-	-	-	2,478,601
2000	-	-	-	-	-
2001	-	-	-	-	-
2002	-	-	-	-	-
2003	-	-	-	-	-
2004	-	-	-	-	-
Total	<u>\$ 1,783,669</u>	<u>\$ 7,428,857</u>	<u>\$ 19,719,203</u>	<u>\$ 23,345,481</u>	<u>\$ 30,520,662</u>

Incremental Losses Reported During Year Ended March 31:

Accident Year	1995	1996	1997	1998	1999
1995	\$ 1,783,669	\$ 4,089,241	\$ 2,720,520	\$ (1,156,160)	\$ (190,156)
1996	-	1,555,947	3,556,321	(237,024)	(205,385)
1997	-	-	6,013,505	1,458,531	2,681,684
1998	-	-	-	3,560,931	2,410,437
1999	-	-	-	-	2,478,601
2000	-	-	-	-	-
2001	-	-	-	-	-
2002	-	-	-	-	-
2003	-	-	-	-	-
2004	-	-	-	-	-
Total	<u>\$ 1,783,669</u>	<u>\$ 5,645,188</u>	<u>\$ 12,290,346</u>	<u>\$ 3,626,278</u>	<u>\$ 7,175,181</u>

Loss Development Through March 31, 2004
Reported Losses (Paid Losses Plus Case Reserves): All Coverages

2000	2001	2002	2003	2004
\$ 6,990,260	\$ 6,964,321	\$ 6,964,321	\$ 6,512,729	\$ 6,512,729
4,846,832	4,853,284	4,735,591	4,735,591	4,735,546
10,567,186	9,516,427	9,361,008	9,344,233	9,344,933
9,253,116	8,375,966	8,186,992	8,200,594	7,967,355
5,155,258	8,290,469	6,839,342	5,732,005	4,164,306
3,447,028	4,521,991	7,490,816	6,400,299	5,585,957
-	3,561,281	6,410,927	7,517,031	7,729,909
-	-	3,163,719	6,741,091	7,732,311
-	-	-	3,052,827	5,074,202
-	-	-	-	3,462,024
\$ 40,259,680	\$ 46,083,739	\$ 53,152,716	\$ 58,236,400	\$ 62,309,272

2000	2001	2002	2003	2004	Total
\$ (256,854)	\$ (25,939)	\$ -	\$ (451,592)	\$ -	\$ 6,512,729
176,973	6,452	(117,693)	-	(45)	4,735,546
413,466	(1,050,759)	(155,419)	(16,775)	700	9,344,933
3,281,748	(877,150)	(188,974)	13,602	(233,239)	7,967,355
2,676,657	3,135,211	(1,451,127)	(1,107,337)	(1,567,699)	4,164,306
3,447,028	1,074,963	2,968,825	(1,090,517)	(814,342)	5,585,957
-	3,561,281	2,849,646	1,106,104	212,878	7,729,909
-	-	3,163,719	3,577,372	991,220	7,732,311
-	-	-	3,052,827	2,021,375	5,074,202
-	-	-	-	3,462,024	3,462,024
\$ 9,739,018	\$ 5,824,059	\$ 7,068,977	\$ 5,083,684	\$ 4,072,872	\$ 62,309,272

Michigan County Road Commission Self-Insurance Pool

Evaluation as of March 31:

Accident Year	1995	1996	1997	1998	1999
1995	\$ 13,052,996	\$ 7,224,508	\$ 3,642,424	\$ 2,831,399	\$ 1,429,534
1996	-	13,005,493	9,800,058	4,914,837	3,353,288
1997	-	-	13,093,241	7,416,655	2,709,645
1998	-	-	-	9,902,422	6,750,947
1999	-	-	-	-	11,609,220
2000	-	-	-	-	-
2001	-	-	-	-	-
2002	-	-	-	-	-
2003	-	-	-	-	-
2004	-	-	-	-	-
Total	<u>\$ 13,052,996</u>	<u>\$ 20,230,001</u>	<u>\$ 26,535,723</u>	<u>\$ 25,065,313</u>	<u>\$ 25,852,634</u>

Change in Incurred but not Reported Reserves During Year Ended March 31:

Accident Year	1995	1996	1997	1998	1999
1995	\$ 13,052,996	\$ (5,828,488)	\$ (3,582,084)	\$ (811,025)	\$ (1,401,865)
1996	-	13,005,493	(3,205,435)	(4,885,221)	(1,561,549)
1997	-	-	13,093,241	(5,676,586)	(4,707,010)
1998	-	-	-	9,902,422	(3,151,475)
1999	-	-	-	-	11,609,220
2000	-	-	-	-	-
2001	-	-	-	-	-
2002	-	-	-	-	-
2003	-	-	-	-	-
2004	-	-	-	-	-
Total	<u>\$ 13,052,996</u>	<u>\$ 7,177,005</u>	<u>\$ 6,305,722</u>	<u>\$ (1,470,410)</u>	<u>\$ 787,321</u>

* Incurred but not reported reserves are net of discount.

Loss Development Through March 31, 2004
*** Incurred but not Reported Reserves: All Coverages**

2000	2001	2002	2003	2004
\$ 706,100	\$ 500,886	\$ 125,221	\$ -	\$ -
2,166,438	1,079,988	298,815	49,802	24,923
1,857,926	1,161,426	540,558	88,413	43,856
3,164,090	910,731	415,607	166,224	193,249
8,128,121	4,260,678	1,925,649	294,020	111,616
11,101,828	8,893,479	5,182,432	2,198,979	690,871
-	11,285,240	6,834,756	3,125,000	752,986
-	-	11,120,560	6,481,685	1,620,913
-	-	-	12,679,514	7,942,658
-	-	-	-	12,691,486
<u>\$ 27,124,503</u>	<u>\$ 28,092,428</u>	<u>\$ 26,443,598</u>	<u>\$ 25,083,637</u>	<u>\$ 24,072,558</u>

2000	2001	2002	2003	2004	Total
\$ (723,434)	\$ (205,214)	\$ (375,665)	\$ (125,221)	\$ -	\$ -
(1,186,850)	(1,086,450)	(781,173)	(249,013)	(24,879)	24,923
(851,719)	(696,500)	(620,868)	(452,145)	(44,557)	43,856
(3,586,857)	(2,253,359)	(495,124)	(249,383)	27,025	193,249
(3,481,099)	(3,867,443)	(2,335,029)	(1,631,629)	(182,404)	111,616
11,101,828	(2,208,349)	(3,711,047)	(2,983,453)	(1,508,108)	690,871
-	11,285,240	(4,450,484)	(3,709,756)	(2,372,014)	752,986
-	-	11,120,560	(4,638,875)	(4,860,772)	1,620,913
-	-	-	12,679,514	(4,736,856)	7,942,658
-	-	-	-	12,691,486	12,691,486
<u>\$ 1,271,869</u>	<u>\$ 967,925</u>	<u>\$ (1,648,830)</u>	<u>\$ (1,359,961)</u>	<u>\$ (1,011,079)</u>	<u>\$ 24,072,558</u>

Michigan County Road Commission Self-Insurance Pool

Loss Development Through March 31, 2004
Reported Claim Counts: All Coverages

Evaluation as of March 31:

Accident Year	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
1995	97	154	193	188	197	198	198	198	202	202
1996	-	88	170	192	198	199	199	200	202	202
1997	-	-	129	194	214	220	220	220	227	227
1998	-	-	-	112	164	180	187	187	194	194
1999	-	-	-	-	95	158	176	179	189	189
2000	-	-	-	-	-	98	143	156	179	179
2001	-	-	-	-	-	-	107	175	209	213
2002	-	-	-	-	-	-	-	135	221	228
2003	-	-	-	-	-	-	-	-	143	202
2004	-	-	-	-	-	-	-	-	-	169
Total	<u>97</u>	<u>242</u>	<u>492</u>	<u>686</u>	<u>868</u>	<u>1,053</u>	<u>1,230</u>	<u>1,450</u>	<u>1,766</u>	<u>2,005</u>

Michigan County Road Commission Self-Insurance Pool

Loss Development Through March 31, 2004
Closed Claim Counts: All Coverages

Evaluation as of March 31:

Accident Year	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
1995	64	104	144	169	188	194	196	196	202	202
1996	-	71	127	160	189	195	197	199	201	201
1997	-	-	83	154	185	211	217	219	225	225
1998	-	-	-	94	131	152	175	181	188	191
1999	-	-	-	-	72	131	151	171	187	188
2000	-	-	-	-	-	71	115	139	170	176
2001	-	-	-	-	-	-	88	147	185	203
2002	-	-	-	-	-	-	-	104	188	209
2003	-	-	-	-	-	-	-	-	112	180
2004	-	-	-	-	-	-	-	-	-	128
Total	<u>64</u>	<u>175</u>	<u>354</u>	<u>577</u>	<u>765</u>	<u>954</u>	<u>1,139</u>	<u>1,356</u>	<u>1,658</u>	<u>1,903</u>

Michigan County Road Commission Self-Insurance Pool

Evaluation as of March 31:

Accident Year	1995	1996	1997	1998	1999
1995	\$ 25,463	\$ 876,272	\$ 2,496,339	\$ 5,045,646	\$ 5,943,464
1996	-	122,167	905,754	2,190,092	3,320,862
1997	-	-	203,972	2,927,305	4,807,763
1998	-	-	-	119,055	1,576,870
1999	-	-	-	-	288,210
2000	-	-	-	-	-
2001	-	-	-	-	-
2002	-	-	-	-	-
2003	-	-	-	-	-
2004	-	-	-	-	-
Total	<u>\$ 25,463</u>	<u>\$ 998,439</u>	<u>\$ 3,606,065</u>	<u>\$ 10,282,098</u>	<u>\$ 15,937,169</u>

Loss Payments (Recoveries) During Year Ended March 31:

Accident Year	1995	1996	1997	1998	1999
1995	\$ 25,463	\$ 850,809	\$ 1,620,067	\$ 2,549,307	\$ 897,818
1996	-	122,167	783,587	1,284,338	1,130,770
1997	-	-	203,972	2,723,333	1,880,458
1998	-	-	-	119,055	1,457,815
1999	-	-	-	-	288,210
2000	-	-	-	-	-
2001	-	-	-	-	-
2002	-	-	-	-	-
2003	-	-	-	-	-
2004	-	-	-	-	-
Total	<u>\$ 25,463</u>	<u>\$ 972,976</u>	<u>\$ 2,607,626</u>	<u>\$ 6,676,033</u>	<u>\$ 5,655,071</u>

Loss Development Through March 31, 2004
Paid Losses: General Liability

2000	2001	2002	2003	2004
\$ 6,079,464	\$ 6,111,416	\$ 6,119,221	\$ 6,119,722	\$ 6,119,722
3,599,710	3,623,394	4,000,624	4,000,624	4,000,579
7,215,152	8,713,672	8,658,212	8,651,518	8,652,218
3,368,952	5,804,781	5,931,268	5,977,483	6,710,846
1,332,114	2,181,422	2,688,264	2,953,682	2,916,674
99,036	1,248,580	2,764,366	3,616,929	3,682,288
-	386,068	1,147,961	2,895,521	4,200,277
-	-	109,848	477,924	3,652,878
-	-	-	138,975	434,874
-	-	-	-	110,836
<u>\$ 21,694,428</u>	<u>\$ 28,069,333</u>	<u>\$ 31,419,764</u>	<u>\$ 34,832,378</u>	<u>\$ 40,481,192</u>

2000	2001	2002	2003	2004	Total
\$ 136,000	\$ 31,952	\$ 7,805	\$ 501	\$ -	\$ 6,119,722
278,848	23,684	377,230	-	(45)	4,000,579
2,407,389	1,498,520	(55,460)	(6,694)	700	8,652,218
1,792,082	2,435,829	126,487	46,215	733,363	6,710,846
1,043,904	849,308	506,842	265,418	(37,008)	2,916,674
99,036	1,149,544	1,515,786	852,563	65,359	3,682,288
-	386,068	761,893	1,747,560	1,304,756	4,200,277
-	-	109,848	368,076	3,174,954	3,652,878
-	-	-	138,975	295,899	434,874
-	-	-	-	110,836	110,836
<u>\$ 5,757,259</u>	<u>\$ 6,374,905</u>	<u>\$ 3,350,431</u>	<u>\$ 3,412,614</u>	<u>\$ 5,648,814</u>	<u>\$ 40,481,192</u>

Michigan County Road Commission Self-Insurance Pool

Evaluation as of March 31:

Accident Year	1995	1996	1997	1998	1999
1995	\$ 1,365,317	\$ 4,664,663	\$ 5,424,803	\$ 1,736,644	\$ 918,828
1996	-	997,791	3,657,788	1,876,448	665,025
1997	-	-	2,435,115	3,428,362	4,847,731
1998	-	-	-	3,068,033	3,790,109
1999	-	-	-	-	1,821,686
2000	-	-	-	-	-
2001	-	-	-	-	-
2002	-	-	-	-	-
2003	-	-	-	-	-
2004	-	-	-	-	-
Total	<u>\$ 1,365,317</u>	<u>\$ 5,662,454</u>	<u>\$ 11,517,706</u>	<u>\$ 10,109,487</u>	<u>\$ 12,043,379</u>

Change in Case Reserves During Year Ended March 31:

Accident Year	1995	1996	1997	1998	1999
1995	\$ 1,365,317	\$ 3,299,346	\$ 760,140	\$ (3,688,159)	\$ (817,816)
1996	-	997,791	2,659,997	(1,781,340)	(1,211,423)
1997	-	-	2,435,115	993,247	1,419,369
1998	-	-	-	3,068,033	722,076
1999	-	-	-	-	1,821,686
2000	-	-	-	-	-
2001	-	-	-	-	-
2002	-	-	-	-	-
2003	-	-	-	-	-
2004	-	-	-	-	-
Total	<u>\$ 1,365,317</u>	<u>\$ 4,297,137</u>	<u>\$ 5,855,252</u>	<u>\$ (1,408,219)</u>	<u>\$ 1,933,892</u>

Loss Development Through March 31, 2004
Case Reserves: General Liability

2000	2001	2002	2003	2004
\$ 525,974	\$ 459,898	\$ 452,093	\$ -	\$ -
512,155	494,923	-	-	-
3,052,215	494,280	393,378	382,486	375,431
5,315,905	1,995,976	1,680,515	1,647,902	681,300
3,349,781	5,106,144	3,146,997	1,773,742	243,051
1,823,430	2,384,599	3,625,335	1,558,873	245,008
-	2,718,899	4,606,246	3,947,866	2,855,354
-	-	2,364,423	5,384,830	3,178,852
-	-	-	1,435,401	2,858,596
-	-	-	-	2,107,147
<u>\$ 14,579,460</u>	<u>\$ 13,654,719</u>	<u>\$ 16,268,987</u>	<u>\$ 16,131,100</u>	<u>\$ 12,544,739</u>

2000	2001	2002	2003	2004	Total
\$ (392,854)	\$ (66,076)	\$ (7,805)	\$ (452,093)	\$ -	\$ -
(152,870)	(17,232)	(494,923)	-	-	-
(1,795,516)	(2,557,935)	(100,902)	(10,892)	(7,055)	375,431
1,525,796	(3,319,929)	(315,461)	(32,613)	(966,602)	681,300
1,528,095	1,756,363	(1,959,147)	(1,373,255)	(1,530,691)	243,051
1,823,430	561,169	1,240,736	(2,066,462)	(1,313,865)	245,008
-	2,718,899	1,887,347	(658,380)	(1,092,512)	2,855,354
-	-	2,364,423	3,020,407	(2,205,978)	3,178,852
-	-	-	1,435,401	1,423,195	2,858,596
-	-	-	-	2,107,147	2,107,147
<u>\$ 2,536,081</u>	<u>\$ (924,741)</u>	<u>\$ 2,614,268</u>	<u>\$ (137,887)</u>	<u>\$ (3,586,361)</u>	<u>\$ 12,544,739</u>

Michigan County Road Commission Self-Insurance Pool

Evaluation as of March 31:

Accident Year	1995	1996	1997	1998	1999
1995	\$ 1,390,780	\$ 5,540,935	\$ 7,921,142	\$ 6,782,290	\$ 6,862,292
1996	-	1,119,958	4,563,542	4,066,540	3,985,887
1997	-	-	2,639,087	6,355,667	9,655,494
1998	-	-	-	3,187,088	5,366,979
1999	-	-	-	-	2,109,896
2000	-	-	-	-	-
2001	-	-	-	-	-
2002	-	-	-	-	-
2003	-	-	-	-	-
2004	-	-	-	-	-
Total	<u>\$ 1,390,780</u>	<u>\$ 6,660,893</u>	<u>\$ 15,123,771</u>	<u>\$ 20,391,585</u>	<u>\$ 27,980,548</u>

Incremental Losses Reported During Year Ended March 31:

Accident Year	1995	1996	1997	1998	1999
1995	\$ 1,390,780	\$ 4,150,155	\$ 2,380,207	\$ (1,138,852)	\$ 80,002
1996	-	1,119,958	3,443,584	(497,002)	(80,653)
1997	-	-	2,639,087	3,716,580	3,299,827
1998	-	-	-	3,187,088	2,179,891
1999	-	-	-	-	2,109,896
2000	-	-	-	-	-
2001	-	-	-	-	-
2002	-	-	-	-	-
2003	-	-	-	-	-
2004	-	-	-	-	-
Total	<u>\$ 1,390,780</u>	<u>\$ 5,270,113</u>	<u>\$ 8,462,878</u>	<u>\$ 5,267,814</u>	<u>\$ 7,588,963</u>

Loss Development Through March 31, 2004
Reported Losses (Paid Losses Plus Case Reserves): General Liability

2000	2001	2002	2003	2004
\$ 6,605,438	\$ 6,571,314	\$ 6,571,314	\$ 6,119,722	\$ 6,119,722
4,111,865	4,118,317	4,000,624	4,000,624	4,000,579
10,267,367	9,207,952	9,051,590	9,034,004	9,027,649
8,684,857	7,800,757	7,611,783	7,625,385	7,392,146
4,681,895	7,287,566	5,835,261	4,727,424	3,159,725
1,922,466	3,633,179	6,389,701	5,175,802	3,927,296
-	3,104,967	5,754,207	6,843,387	7,055,631
-	-	2,474,271	5,862,754	6,831,730
-	-	-	1,574,376	3,293,470
-	-	-	-	2,217,983
\$ 36,273,888	\$ 41,724,052	\$ 47,688,751	\$ 50,963,478	\$ 53,025,931

2000	2001	2002	2003	2004	Total
\$ (256,854)	\$ (34,124)	\$ -	\$ (451,592)	\$ -	\$ 6,119,722
125,978	6,452	(117,693)	-	(45)	4,000,579
611,873	(1,059,415)	(156,362)	(17,586)	(6,355)	9,027,649
3,317,878	(884,100)	(188,974)	13,602	(233,239)	7,392,146
2,571,999	2,605,671	(1,452,305)	(1,107,837)	(1,567,699)	3,159,725
1,922,466	1,710,713	2,756,522	(1,213,899)	(1,248,506)	3,927,296
-	3,104,967	2,649,240	1,089,180	212,244	7,055,631
-	-	2,474,271	3,388,483	968,976	6,831,730
-	-	-	1,574,376	1,719,094	3,293,470
-	-	-	-	2,217,983	2,217,983
\$ 8,293,340	\$ 5,450,164	\$ 5,964,699	\$ 3,274,727	\$ 2,062,453	\$ 53,025,931

Michigan County Road Commission Self-Insurance Pool

Evaluation as of March 31:

Accident Year	1995	1996	1997	1998	1999
1995	\$ 13,043,244	\$ 7,224,508	\$ 3,642,424	\$ 2,831,399	\$ 1,429,534
1996	-	12,936,399	9,800,058	4,914,837	3,353,288
1997	-	-	12,989,605	7,408,111	2,709,645
1998	-	-	-	9,811,978	6,734,328
1999	-	-	-	-	11,322,073
2000	-	-	-	-	-
2001	-	-	-	-	-
2002	-	-	-	-	-
2003	-	-	-	-	-
2004	-	-	-	-	-
Total	<u>\$ 13,043,244</u>	<u>\$ 20,160,907</u>	<u>\$ 26,432,087</u>	<u>\$ 24,966,325</u>	<u>\$ 25,548,868</u>

Change in Incurred but not Reported Reserves During Year Ended March 31:

Accident Year	1995	1996	1997	1998	1999
1995	\$ 13,043,244	\$ (5,818,736)	\$ (3,582,084)	\$ (811,025)	\$ (1,401,865)
1996	-	12,936,399	(3,136,341)	(4,885,221)	(1,561,549)
1997	-	-	12,989,605	(5,581,494)	(4,698,466)
1998	-	-	-	9,811,978	(3,077,650)
1999	-	-	-	-	11,322,073
2000	-	-	-	-	-
2001	-	-	-	-	-
2002	-	-	-	-	-
2003	-	-	-	-	-
2004	-	-	-	-	-
Total	<u>\$ 13,043,244</u>	<u>\$ 7,117,663</u>	<u>\$ 6,271,180</u>	<u>\$ (1,465,762)</u>	<u>\$ 582,543</u>

* Incurred but not reported reserves are net of discount.

Loss Development Through March 31, 2004
*** Incurred but not Reported Reserves: General Liability**

2000	2001	2002	2003	2004
\$ 706,100	\$ 500,886	\$ 125,221	\$ -	\$ -
2,166,438	1,079,988	298,815	49,802	24,923
1,857,926	1,161,426	540,558	88,413	43,856
3,164,090	910,731	415,607	166,224	193,249
7,993,697	4,260,678	1,925,649	294,020	111,616
10,969,156	8,861,009	5,182,432	2,198,979	690,871
-	11,007,544	6,829,156	3,125,000	752,986
-	-	10,976,380	6,445,977	1,620,913
-	-	-	12,312,756	7,922,077
-	-	-	-	12,416,128
<u>\$ 26,857,407</u>	<u>\$ 27,782,262</u>	<u>\$ 26,293,818</u>	<u>\$ 24,681,171</u>	<u>\$ 23,776,619</u>

2000	2001	2002	2003	2004	Total
\$ (723,434)	\$ (205,214)	\$ (375,665)	\$ (125,221)	\$ -	\$ -
(1,186,850)	(1,086,450)	(781,173)	(249,013)	(24,879)	24,923
(851,719)	(696,500)	(620,868)	(452,145)	(44,557)	43,856
(3,570,238)	(2,253,359)	(495,124)	(249,383)	27,025	193,249
(3,328,376)	(3,733,019)	(2,335,029)	(1,631,629)	(182,404)	111,616
10,969,156	(2,108,147)	(3,678,577)	(2,983,453)	(1,508,108)	690,871
-	11,007,544	(4,178,388)	(3,704,156)	(2,372,014)	752,986
-	-	10,976,380	(4,530,403)	(4,825,064)	1,620,913
-	-	-	12,312,756	(4,390,679)	7,922,077
-	-	-	-	12,416,128	12,416,128
<u>\$ 1,308,539</u>	<u>\$ 924,855</u>	<u>\$ (1,488,444)</u>	<u>\$ (1,612,647)</u>	<u>\$ (904,552)</u>	<u>\$ 23,776,619</u>

Michigan County Road Commission Self-Insurance Pool

Loss Development Through March 31, 2004 Reported Claim Counts: General Liability

Evaluation as of March 31:

Accident Year	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
1995	36	81	117	111	119	120	120	120	124	124
1996	-	23	80	93	99	99	99	100	102	102
1997	-	-	59	91	109	115	115	115	122	122
1998	-	-	-	33	65	78	84	84	91	91
1999	-	-	-	-	38	67	85	88	98	98
2000	-	-	-	-	-	32	59	72	95	96
2001	-	-	-	-	-	-	37	84	117	120
2002	-	-	-	-	-	-	-	40	101	107
2003	-	-	-	-	-	-	-	-	51	89
2004	-	-	-	-	-	-	-	-	-	62
Total	<u>36</u>	<u>104</u>	<u>256</u>	<u>328</u>	<u>430</u>	<u>511</u>	<u>599</u>	<u>703</u>	<u>901</u>	<u>1,011</u>

Michigan County Road Commission Self-Insurance Pool

Loss Development Through March 31, 2004
Closed Claim Counts: General Liability

Evaluation as of March 31:

Accident Year	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
1995	10	31	68	92	110	116	118	118	124	124
1996	-	8	37	65	91	96	98	100	102	102
1997	-	-	24	54	82	106	112	114	120	120
1998	-	-	-	15	34	50	72	78	85	88
1999	-	-	-	-	16	40	60	80	96	97
2000	-	-	-	-	-	11	33	57	88	94
2001	-	-	-	-	-	-	20	58	95	110
2002	-	-	-	-	-	-	-	24	68	88
2003	-	-	-	-	-	-	-	-	30	67
2004	-	-	-	-	-	-	-	-	-	37
Total	<u>10</u>	<u>39</u>	<u>129</u>	<u>226</u>	<u>333</u>	<u>419</u>	<u>513</u>	<u>629</u>	<u>808</u>	<u>927</u>

Michigan County Road Commission Self-Insurance Pool

Evaluation as of March 31:

Accident Year	1995	1996	1997	1998	1999
1995	\$ -	\$ 116	\$ 116	\$ 308	\$ 1,108
1996	-	268	3,252	37,809	63,426
1997	-	-	347	7,525	15,500
1998	-	-	-	4,742	12,033
1999	-	-	-	-	-
2000	-	-	-	-	-
2001	-	-	-	-	-
2002	-	-	-	-	-
2003	-	-	-	-	-
2004	-	-	-	-	-
Total	<u>\$ -</u>	<u>\$ 384</u>	<u>\$ 3,715</u>	<u>\$ 50,384</u>	<u>\$ 92,067</u>

Loss Payments During Year Ended March 31:

Accident Year	1995	1996	1997	1998	1999
1995	\$ -	\$ 116	\$ -	\$ 192	\$ 800
1996	-	268	2,984	34,557	25,617
1997	-	-	347	7,178	7,975
1998	-	-	-	4,742	7,291
1999	-	-	-	-	-
2000	-	-	-	-	-
2001	-	-	-	-	-
2002	-	-	-	-	-
2003	-	-	-	-	-
2004	-	-	-	-	-
Total	<u>\$ -</u>	<u>\$ 384</u>	<u>\$ 3,331</u>	<u>\$ 46,669</u>	<u>\$ 41,683</u>

Loss Development Through March 31, 2004
Paid Losses: Trunkline Liability

2000	2001	2002	2003	2004
\$ 1,108	\$ 9,293	\$ 9,293	\$ 9,293	\$ 9,293
82,121	87,851	91,191	92,323	100,813
60,006	68,662	69,605	70,416	77,471
63,754	97,471	97,471	97,471	97,471
42,435	571,975	573,153	573,653	573,653
74,725	287,836	458,075	537,268	1,025,976
-	23,554	80,610	85,464	109,786
-	-	34,539	54,235	76,479
-	-	-	30,169	34,380
-	-	-	-	71,493
<u>\$ 324,149</u>	<u>\$ 1,146,642</u>	<u>\$ 1,413,937</u>	<u>\$ 1,550,292</u>	<u>\$ 2,176,815</u>

2000	2001	2002	2003	2004	Total
\$ -	\$ 8,185	\$ -	\$ -	\$ -	\$ 9,293
18,695	5,730	3,340	1,132	8,490	100,813
44,506	8,656	943	811	7,055	77,471
51,721	33,717	-	-	-	97,471
42,435	529,540	1,178	500	-	573,653
74,725	213,111	170,239	79,193	488,708	1,025,976
-	23,554	57,056	4,854	24,322	109,786
-	-	34,539	19,696	22,244	76,479
-	-	-	30,169	4,211	34,380
-	-	-	-	71,493	71,493
<u>\$ 232,082</u>	<u>\$ 822,493</u>	<u>\$ 267,295</u>	<u>\$ 136,355</u>	<u>\$ 626,523</u>	<u>\$ 2,176,815</u>

Michigan County Road Commission Self-Insurance Pool

Evaluation as of March 31:

Accident Year	1995	1996	1997	1998	1999	2000
1995	\$ -	\$ -	\$ 17,500	\$ -	\$ -	\$ -
1996	-	-	2,018	213,033	62,253	94,584
1997	-	-	-	6,509	242,913	-
1998	-	-	-	-	115,018	26,767
1999	-	-	-	-	-	-
2000	-	-	-	-	-	17,500
2001	-	-	-	-	-	-
2002	-	-	-	-	-	-
2003	-	-	-	-	-	-
2004	-	-	-	-	-	-
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,518</u>	<u>\$ 219,542</u>	<u>\$ 420,184</u>	<u>\$ 138,851</u>

Change in Case Reserves During Year Ended March 31:

Accident Year	1995	1996	1997	1998	1999	2000
1995	\$ -	\$ -	\$ 17,500	\$ (17,500)	\$ -	\$ -
1996	-	-	2,018	211,015	(150,780)	32,331
1997	-	-	-	6,509	236,404	(242,913)
1998	-	-	-	-	115,018	(88,251)
1999	-	-	-	-	-	-
2000	-	-	-	-	-	17,500
2001	-	-	-	-	-	-
2002	-	-	-	-	-	-
2003	-	-	-	-	-	-
2004	-	-	-	-	-	-
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,518</u>	<u>\$ 200,024</u>	<u>\$ 200,642</u>	<u>\$ (281,333)</u>

Loss Development Through March 31, 2004
Case Reserves: Trunkline Liability

2001	2002	2003	2004
\$ -	\$ -	\$ -	\$ -
88,854	85,514	84,382	75,892
-	-	-	-
-	-	-	-
-	-	-	-
-	42,564	87,129	32,585
-	-	11,000	-
-	-	-	-
-	-	-	-
-	-	-	-
<u>\$ 88,854</u>	<u>\$ 128,078</u>	<u>\$ 182,511</u>	<u>\$ 108,477</u>

2001	2002	2003	2004	Total
\$ -	\$ -	\$ -	\$ -	\$ -
(5,730)	(3,340)	(1,132)	(8,490)	75,892
-	-	-	-	-
(26,767)	-	-	-	-
-	-	-	-	-
(17,500)	42,564	44,565	(54,544)	32,585
-	-	11,000	(11,000)	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>\$ (49,997)</u>	<u>\$ 39,224</u>	<u>\$ 54,433</u>	<u>\$ (74,034)</u>	<u>\$ 108,477</u>

Michigan County Road Commission Self-Insurance Pool

Evaluation as of March 31:

Accident Year	1995	1996	1997	1998	1999	2000
1995	\$ -	\$ 116	\$ 17,616	\$ 308	\$ 1,108	\$ 1,108
1996	-	268	5,270	250,842	125,679	176,705
1997	-	-	347	14,034	258,413	60,006
1998	-	-	-	4,742	127,051	90,521
1999	-	-	-	-	-	42,435
2000	-	-	-	-	-	92,225
2001	-	-	-	-	-	-
2002	-	-	-	-	-	-
2003	-	-	-	-	-	-
2004	-	-	-	-	-	-
Total	<u>\$ -</u>	<u>\$ 384</u>	<u>\$ 23,233</u>	<u>\$ 269,926</u>	<u>\$ 512,251</u>	<u>\$ 463,000</u>

Incremental Losses Reported During Year Ended March 31:

Accident Year	1995	1996	1997	1998	1999	2000
1995	\$ -	\$ 116	\$ 17,500	\$ (17,308)	\$ 800	\$ -
1996	-	268	5,002	245,572	(125,163)	51,026
1997	-	-	347	13,687	244,379	(198,407)
1998	-	-	-	4,742	122,309	(36,530)
1999	-	-	-	-	-	42,435
2000	-	-	-	-	-	92,225
2001	-	-	-	-	-	-
2002	-	-	-	-	-	-
2003	-	-	-	-	-	-
2004	-	-	-	-	-	-
Total	<u>\$ -</u>	<u>\$ 384</u>	<u>\$ 22,849</u>	<u>\$ 246,693</u>	<u>\$ 242,325</u>	<u>\$ (49,251)</u>

Loss Development Through March 31, 2004
Reported Losses (Paid Losses Plus Case Reserves): Trunkline Liability

2001	2002	2003	2004
\$ 9,293	\$ 9,293	\$ 9,293	\$ 9,293
176,705	176,705	176,705	176,705
68,662	69,605	70,416	77,471
97,471	97,471	97,471	97,471
571,975	573,153	573,653	573,653
287,836	500,639	624,397	1,058,561
23,554	80,610	96,464	109,786
-	34,539	54,235	76,479
-	-	30,169	34,380
-	-	-	71,493
<u>\$ 1,235,496</u>	<u>\$ 1,542,015</u>	<u>\$ 1,732,803</u>	<u>\$ 2,285,292</u>

2001	2002	2003	2004	Total
\$ 8,185	\$ -	\$ -	\$ -	\$ 9,293
-	-	-	-	176,705
8,656	943	811	7,055	77,471
6,950	-	-	-	97,471
529,540	1,178	500	-	573,653
195,611	212,803	123,758	434,164	1,058,561
23,554	57,056	15,854	13,322	109,786
-	34,539	19,696	22,244	76,479
-	-	30,169	4,211	34,380
-	-	-	71,493	71,493
<u>\$ 772,496</u>	<u>\$ 306,519</u>	<u>\$ 190,788</u>	<u>\$ 552,489</u>	<u>\$ 2,285,292</u>

Michigan County Road Commission Self-Insurance Pool

Loss Development Through March 31, 2004 Reported Claim Counts: Trunkline Liability

Evaluation as of March 31:

Accident Year	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
1995	-	1	1	2	3	3	3	3	3	3
1996	-	1	2	9	9	10	10	10	10	10
1997	-	-	1	4	6	6	6	6	6	6
1998	-	-	-	4	10	13	14	14	14	14
1999	-	-	-	-	-	5	5	5	5	5
2000	-	-	-	-	-	3	3	3	3	3
2001	-	-	-	-	-	-	2	3	3	4
2002	-	-	-	-	-	-	-	-	-	1
2003	-	-	-	-	-	-	-	-	1	2
2004	-	-	-	-	-	-	-	-	-	1
Total	-	<u>2</u>	<u>4</u>	<u>19</u>	<u>28</u>	<u>40</u>	<u>43</u>	<u>44</u>	<u>45</u>	<u>49</u>

Michigan County Road Commission Self-Insurance Pool

Loss Development Through March 31, 2004
Closed Claim Counts: Trunkline Liability

Evaluation as of March 31:

Accident Year	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
1995	-	1	1	2	3	3	3	3	3	3
1996	-	1	2	5	8	9	9	9	9	9
1997	-	-	1	3	4	6	6	6	6	6
1998	-	-	-	4	8	13	14	14	14	14
1999	-	-	-	-	-	5	5	5	5	5
2000	-	-	-	-	-	1	1	1	1	2
2001	-	-	-	-	-	-	1	2	2	4
2002	-	-	-	-	-	-	-	-	-	1
2003	-	-	-	-	-	-	-	-	1	2
2004	-	-	-	-	-	-	-	-	-	1
Total	-	<u>2</u>	<u>4</u>	<u>14</u>	<u>23</u>	<u>37</u>	<u>39</u>	<u>40</u>	<u>41</u>	<u>47</u>

Michigan County Road Commission Self-Insurance Pool

Evaluation as of March 31:

Accident Year	1995	1996	1997	1998	1999
1995	\$ 852	\$ (29,148)	\$ (27,399)	\$ (27,399)	\$ (27,399)
1996	-	15,026	44,345	44,345	44,345
1997	-	-	12,763	14,451	14,451
1998	-	-	-	10,898	12,849
1999	-	-	-	-	18,464
2000	-	-	-	-	-
2001	-	-	-	-	-
2002	-	-	-	-	-
2003	-	-	-	-	-
2004	-	-	-	-	-
Total	<u>\$ 852</u>	<u>\$ (14,122)</u>	<u>\$ 29,709</u>	<u>\$ 42,295</u>	<u>\$ 62,710</u>

Loss Payments (Recoveries) During Year Ended March 31:

Accident Year	1995	1996	1997	1998	1999
1995	\$ 852	\$ (30,000)	\$ 1,749	\$ -	\$ -
1996	-	15,026	29,319	-	-
1997	-	-	12,763	1,688	-
1998	-	-	-	10,898	1,951
1999	-	-	-	-	18,464
2000	-	-	-	-	-
2001	-	-	-	-	-
2002	-	-	-	-	-
2003	-	-	-	-	-
2004	-	-	-	-	-
Total	<u>\$ 852</u>	<u>\$ (14,974)</u>	<u>\$ 43,831</u>	<u>\$ 12,586</u>	<u>\$ 20,415</u>

Loss Development Through March 31, 2004
Paid Losses: Auto Physical Damage

2000	2001	2002	2003	2004
\$ (27,399)	\$ (27,399)	\$ (27,399)	\$ (27,399)	\$ (27,399)
44,345	44,345	44,345	44,345	44,345
14,451	14,451	14,451	14,451	14,451
12,849	12,849	12,849	12,849	12,849
36,110	36,110	36,110	36,110	36,110
3,965	3,965	3,965	3,965	3,965
-	73,854	74,719	74,719	74,719
-	-	37,721	39,284	39,284
-	-	-	2,168	5,708
-	-	-	-	20,224
<u>\$ 84,321</u>	<u>\$ 158,175</u>	<u>\$ 196,761</u>	<u>\$ 200,492</u>	<u>\$ 224,256</u>

2000	2001	2002	2003	2004	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ (27,399)
-	-	-	-	-	44,345
-	-	-	-	-	14,451
-	-	-	-	-	12,849
17,646	-	-	-	-	36,110
3,965	-	-	-	-	3,965
-	73,854	865	-	-	74,719
-	-	37,721	1,563	-	39,284
-	-	-	2,168	3,540	5,708
-	-	-	-	20,224	20,224
<u>\$ 21,611</u>	<u>\$ 73,854</u>	<u>\$ 38,586</u>	<u>\$ 3,731</u>	<u>\$ 23,764</u>	<u>\$ 224,256</u>

Michigan County Road Commission Self-Insurance Pool

Evaluation as of March 31:

Accident Year	1995	1996	1997	1998	1999	2000
1995	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1996	-	-	-	-	-	-
1997	-	-	-	-	-	-
1998	-	-	-	-	-	-
1999	-	-	-	-	-	-
2000	-	-	-	-	-	-
2001	-	-	-	-	-	-
2002	-	-	-	-	-	-
2003	-	-	-	-	-	-
2004	-	-	-	-	-	-
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Change in Case Reserves During Year Ended March 31:

Accident Year	1995	1996	1997	1998	1999	2000
1995	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1996	-	-	-	-	-	-
1997	-	-	-	-	-	-
1998	-	-	-	-	-	-
1999	-	-	-	-	-	-
2000	-	-	-	-	-	-
2001	-	-	-	-	-	-
2002	-	-	-	-	-	-
2003	-	-	-	-	-	-
2004	-	-	-	-	-	-
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

[illegible]61

Michigan County Road Commission Self-Insurance Pool

Evaluation as of March 31:

Accident Year	1995	1996	1997	1998	1999	2000
1995	\$ 852	\$ (29,148)	\$ (27,399)	\$ (27,399)	\$ (27,399)	\$ (27,399)
1996	-	15,026	44,345	44,345	44,345	44,345
1997	-	-	12,763	14,451	14,451	14,451
1998	-	-	-	10,898	12,849	12,849
1999	-	-	-	-	18,464	36,110
2000	-	-	-	-	-	3,965
2001	-	-	-	-	-	-
2002	-	-	-	-	-	-
2003	-	-	-	-	-	-
2004	-	-	-	-	-	-
Total	<u>\$ 852</u>	<u>\$ (14,122)</u>	<u>\$ 29,709</u>	<u>\$ 42,295</u>	<u>\$ 62,710</u>	<u>\$ 84,321</u>

Incremental Losses Reported During Year Ended March 31:

Accident Year	1995	1996	1997	1998	1999	2000
1995	\$ 852	\$ (30,000)	\$ 1,749	\$ -	\$ -	\$ -
1996	-	15,026	29,319	-	-	-
1997	-	-	12,763	1,688	-	-
1998	-	-	-	10,898	1,951	-
1999	-	-	-	-	18,464	17,646
2000	-	-	-	-	-	3,965
2001	-	-	-	-	-	-
2002	-	-	-	-	-	-
2003	-	-	-	-	-	-
2004	-	-	-	-	-	-
Total	<u>\$ 852</u>	<u>\$ (14,974)</u>	<u>\$ 43,831</u>	<u>\$ 12,586</u>	<u>\$ 20,415</u>	<u>\$ 21,611</u>

Loss Development Through March 31, 2004

Reported Losses (Paid Losses Plus Case Reserves): Auto Physical Damage

2001	2002	2003	2004
\$ (27,399)	\$ (27,399)	\$ (27,399)	\$ (27,399)
44,345	44,345	44,345	44,345
14,451	14,451	14,451	14,451
12,849	12,849	12,849	12,849
36,110	36,110	36,110	36,110
3,965	3,965	3,965	3,965
73,854	74,719	74,719	74,719
-	37,721	39,284	39,284
-	-	2,168	5,708
-	-	-	20,224
<u>\$ 158,175</u>	<u>\$ 196,761</u>	<u>\$ 200,492</u>	<u>\$ 224,256</u>

2001	2002	2003	2004	Total
\$ -	\$ -	\$ -	\$ -	\$ (27,399)
-	-	-	-	44,345
-	-	-	-	14,451
-	-	-	-	12,849
-	-	-	-	36,110
-	-	-	-	3,965
73,854	865	-	-	74,719
-	37,721	1,563	-	39,284
-	-	2,168	3,540	5,708
-	-	-	20,224	20,224
<u>\$ 73,854</u>	<u>\$ 38,586</u>	<u>\$ 3,731</u>	<u>\$ 23,764</u>	<u>\$ 224,256</u>

Michigan County Road Commission Self-Insurance Pool

Loss Development Through March 31, 2004 Reported Claim Counts: Auto Physical Damage

Evaluation as of March 31:

Accident Year	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
1995	1	1	3	3	3	3	3	3	3	3
1996	-	1	2	2	2	2	2	2	2	2
1997	-	-	14	4	4	4	4	4	4	4
1998	-	-	-	2	3	3	3	3	3	3
1999	-	-	-	-	4	5	5	5	5	5
2000	-	-	-	-	-	3	3	3	3	3
2001	-	-	-	-	-	-	3	4	4	4
2002	-	-	-	-	-	-	-	4	5	5
2003	-	-	-	-	-	-	-	-	-	1
2004	-	-	-	-	-	-	-	-	-	3
Total	<u>1</u>	<u>2</u>	<u>19</u>	<u>11</u>	<u>16</u>	<u>20</u>	<u>23</u>	<u>28</u>	<u>29</u>	<u>33</u>

Michigan County Road Commission Self-Insurance Pool

Loss Development Through March 31, 2004 Closed Claim Counts: Auto Physical Damage

Evaluation as of March 31:

Accident Year	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
1995	1	1	3	3	3	3	3	3	3	3
1996	-	2	2	2	2	2	2	2	2	2
1997	-	-	13	4	4	4	4	4	4	4
1998	-	-	-	2	3	3	3	3	3	3
1999	-	-	-	-	4	5	5	5	5	5
2000	-	-	-	-	-	3	3	3	3	3
2001	-	-	-	-	-	-	3	4	4	4
2002	-	-	-	-	-	-	-	4	5	5
2003	-	-	-	-	-	-	-	-	-	1
2004	-	-	-	-	-	-	-	-	-	3
Total	<u>1</u>	<u>3</u>	<u>18</u>	<u>11</u>	<u>16</u>	<u>20</u>	<u>23</u>	<u>28</u>	<u>29</u>	<u>33</u>

Michigan County Road Commission Self-Insurance Pool

Evaluation as of March 31:

Accident Year	1995	1996	1997	1998	1999
1995	\$ 60,126	\$ 95,813	\$ 106,303	\$ 106,303	\$ 85,345
1996	-	95,319	249,313	249,313	249,313
1997	-	-	822	11,845	231,978
1998	-	-	-	16,381	17,883
1999	-	-	-	-	71,566
2000	-	-	-	-	-
2001	-	-	-	-	-
2002	-	-	-	-	-
2003	-	-	-	-	-
2004	-	-	-	-	-
Total	<u>\$ 60,126</u>	<u>\$ 191,132</u>	<u>\$ 356,438</u>	<u>\$ 383,842</u>	<u>\$ 656,085</u>

Loss Payments (Recoveries) During Year Ended March 31:

Accident Year	1995	1996	1997	1998	1999
1995	\$ 60,126	\$ 35,687	\$ 10,490	\$ -	\$ (20,958)
1996	-	95,319	153,994	-	-
1997	-	-	822	11,023	220,133
1998	-	-	-	16,381	1,502
1999	-	-	-	-	71,566
2000	-	-	-	-	-
2001	-	-	-	-	-
2002	-	-	-	-	-
2003	-	-	-	-	-
2004	-	-	-	-	-
Total	<u>\$ 60,126</u>	<u>\$ 131,006</u>	<u>\$ 165,306</u>	<u>\$ 27,404</u>	<u>\$ 272,243</u>

Loss Development Through March 31, 2004
Paid Losses: Property

2000	2001	2002	2003	2004
\$ 85,345	\$ 85,345	\$ 85,345	\$ 85,345	\$ 85,345
249,313	249,313	249,313	249,313	249,313
231,978	231,978	231,978	231,978	231,978
17,883	17,883	17,883	17,883	17,883
162,881	162,881	162,881	162,881	162,881
206,647	226,426	226,426	226,426	226,426
-	172,326	146,491	145,331	217,671
-	-	56,730	80,083	80,083
-	-	-	920,085	973,398
-	-	-	-	78,907
<u>\$ 954,047</u>	<u>\$ 1,146,152</u>	<u>\$ 1,177,047</u>	<u>\$ 2,119,325</u>	<u>\$ 2,323,885</u>

2000	2001	2002	2003	2004	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 85,345
-	-	-	-	-	249,313
-	-	-	-	-	231,978
-	-	-	-	-	17,883
91,315	-	-	-	-	162,881
206,647	19,779	-	-	-	226,426
-	172,326	(25,835)	(1,160)	72,340	217,671
-	-	56,730	23,353	-	80,083
-	-	-	920,085	53,313	973,398
-	-	-	-	78,907	78,907
<u>\$ 297,962</u>	<u>\$ 192,105</u>	<u>\$ 30,895</u>	<u>\$ 942,278</u>	<u>\$ 204,560</u>	<u>\$ 2,323,885</u>

Michigan County Road Commission Self-Insurance Pool

Evaluation as of March 31:

Accident Year	1995	1996	1997	1998	1999	2000
1995	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1996	-	500	-	-	-	-
1997	-	-	3,216,678	877,707	-	-
1998	-	-	-	-	-	-
1999	-	-	-	-	101,785	-
2000	-	-	-	-	-	875,000
2001	-	-	-	-	-	-
2002	-	-	-	-	-	-
2003	-	-	-	-	-	-
2004	-	-	-	-	-	-
Total	<u>\$ -</u>	<u>\$ 500</u>	<u>\$ 3,216,678</u>	<u>\$ 877,707</u>	<u>\$ 101,785</u>	<u>\$ 875,000</u>

Change in Case Reserves During Year Ended March 31:

Accident Year	1995	1996	1997	1998	1999	2000
1995	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1996	-	500	(500)	-	-	-
1997	-	-	3,216,678	(2,338,971)	(877,707)	-
1998	-	-	-	-	-	-
1999	-	-	-	-	101,785	(101,785)
2000	-	-	-	-	-	875,000
2001	-	-	-	-	-	-
2002	-	-	-	-	-	-
2003	-	-	-	-	-	-
2004	-	-	-	-	-	-
Total	<u>\$ -</u>	<u>\$ 500</u>	<u>\$ 3,216,178</u>	<u>\$ (2,338,971)</u>	<u>\$ (775,922)</u>	<u>\$ 773,215</u>

Loss Development Through March 31, 2004
Case Reserves: Property

2001	2002	2003	2004
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	85,028	85,028	-
-	16,823	-	-
-	-	33,500	-
-	-	-	52,595
<u>\$ -</u>	<u>\$ 101,851</u>	<u>\$ 118,528</u>	<u>\$ 52,595</u>

2001	2002	2003	2004	Total
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
(875,000)	-	-	-	-
-	85,028	-	(85,028)	-
-	16,823	(16,823)	-	-
-	-	33,500	(33,500)	-
-	-	-	52,595	52,595
<u>\$ (875,000)</u>	<u>\$ 101,851</u>	<u>\$ 16,677</u>	<u>\$ (65,933)</u>	<u>\$ 52,595</u>

Michigan County Road Commission Self-Insurance Pool

Evaluation as of March 31:

Accident Year	1995	1996	1997	1998	1999	2000
1995	\$ 60,126	\$ 95,813	\$ 106,303	\$ 106,303	\$ 85,345	\$ 85,345
1996	-	95,819	249,313	249,313	249,313	249,313
1997	-	-	3,217,500	889,552	231,978	231,978
1998	-	-	-	16,381	17,883	17,883
1999	-	-	-	-	173,351	162,881
2000	-	-	-	-	-	1,081,647
2001	-	-	-	-	-	-
2002	-	-	-	-	-	-
2003	-	-	-	-	-	-
2004	-	-	-	-	-	-
Total	<u>\$ 60,126</u>	<u>\$ 191,632</u>	<u>\$ 3,573,116</u>	<u>\$ 1,261,549</u>	<u>\$ 757,870</u>	<u>\$ 1,829,047</u>

Incremental Losses Reported During Year Ended March 31:

Accident Year	1995	1996	1997	1998	1999	2000
1995	\$ 60,126	\$ 35,687	\$ 10,490	\$ -	\$ (20,958)	\$ -
1996	-	95,819	153,494	-	-	-
1997	-	-	3,217,500	(2,327,948)	(657,574)	-
1998	-	-	-	16,381	1,502	-
1999	-	-	-	-	173,351	(10,470)
2000	-	-	-	-	-	1,081,647
2001	-	-	-	-	-	-
2002	-	-	-	-	-	-
2003	-	-	-	-	-	-
2004	-	-	-	-	-	-
Total	<u>\$ 60,126</u>	<u>\$ 131,506</u>	<u>\$ 3,381,484</u>	<u>\$ (2,311,567)</u>	<u>\$ (503,679)</u>	<u>\$ 1,071,177</u>

Loss Development Through March 31, 2004
Reported Losses (Paid Losses Plus Case Reserves): Property

2001	2002	2003	2004
\$ 85,345	\$ 85,345	\$ 85,345	\$ 85,345
249,313	249,313	249,313	249,313
231,978	231,978	231,978	231,978
17,883	17,883	17,883	17,883
162,881	162,881	162,881	162,881
226,426	226,426	226,426	226,426
172,326	231,519	230,359	217,671
-	73,553	80,083	80,083
-	-	953,585	973,398
-	-	-	131,502
<u>\$ 1,146,152</u>	<u>\$ 1,278,898</u>	<u>\$ 2,237,853</u>	<u>\$ 2,376,480</u>

2001	2002	2003	2004	Total
\$ -	\$ -	\$ -	\$ -	\$ 85,345
-	-	-	-	249,313
-	-	-	-	231,978
-	-	-	-	17,883
-	-	-	-	162,881
(855,221)	-	-	-	226,426
172,326	59,193	(1,160)	(12,688)	217,671
-	73,553	6,530	-	80,083
-	-	953,585	19,813	973,398
-	-	-	131,502	131,502
<u>\$ (682,895)</u>	<u>\$ 132,746</u>	<u>\$ 958,955</u>	<u>\$ 138,627</u>	<u>\$ 2,376,480</u>

Michigan County Road Commission Self-Insurance Pool

Loss Development Through March 31, 2004 Reported Claim Counts: Property

Evaluation as of March 31:

Accident Year	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
1995	12	16	17	17	17	17	17	17	17	17
1996	-	12	14	14	14	14	14	14	14	14
1997	-	-	11	12	15	15	15	15	15	15
1998	-	-	-	8	11	11	11	11	11	11
1999	-	-	-	-	15	26	26	26	26	26
2000	-	-	-	-	-	9	13	13	13	13
2001	-	-	-	-	-	-	14	18	18	18
2002	-	-	-	-	-	-	-	15	18	18
2003	-	-	-	-	-	-	-	-	19	22
2004	-	-	-	-	-	-	-	-	-	14
Total	<u>12</u>	<u>28</u>	<u>42</u>	<u>51</u>	<u>72</u>	<u>92</u>	<u>110</u>	<u>129</u>	<u>151</u>	<u>168</u>

Michigan County Road Commission Self-Insurance Pool

Loss Development Through March 31, 2004
Closed Claim Counts: Property

Evaluation as of March 31:

Accident Year	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
1995	12	16	17	17	17	17	17	17	17	17
1996	-	11	14	14	14	14	14	14	14	14
1997	-	-	7	11	15	15	15	15	15	15
1998	-	-	-	8	11	11	11	11	11	11
1999	-	-	-	-	14	26	26	26	26	26
2000	-	-	-	-	-	8	13	13	13	13
2001	-	-	-	-	-	-	14	17	17	18
2002	-	-	-	-	-	-	-	13	18	18
2003	-	-	-	-	-	-	-	-	16	22
2004	-	-	-	-	-	-	-	-	-	9
Total	<u>12</u>	<u>27</u>	<u>38</u>	<u>50</u>	<u>71</u>	<u>91</u>	<u>110</u>	<u>126</u>	<u>147</u>	<u>163</u>

Michigan County Road Commission Self-Insurance Pool

Evaluation as of March 31:

Accident Year	1995	1996	1997	1998	1999
1995	\$ 258,971	\$ 262,194	\$ 575,768	\$ 575,768	\$ 325,768
1996	-	324,543	249,798	264,204	264,604
1997	-	-	102,546	175,470	(6,616)
1998	-	-	-	341,806	446,606
1999	-	-	-	-	176,890
2000	-	-	-	-	-
2001	-	-	-	-	-
2002	-	-	-	-	-
2003	-	-	-	-	-
2004	-	-	-	-	-
Total	<u>\$ 258,971</u>	<u>\$ 586,737</u>	<u>\$ 928,112</u>	<u>\$ 1,357,248</u>	<u>\$ 1,207,252</u>

Loss Payments (Recoveries) During Year Ended March 31:

Accident Year	1995	1996	1997	1998	1999
1995	\$ 258,971	\$ 3,223	\$ 313,574	\$ -	\$ (250,000)
1996	-	324,543	(74,745)	14,406	400
1997	-	-	102,546	72,924	(182,086)
1998	-	-	-	341,806	104,800
1999	-	-	-	-	176,890
2000	-	-	-	-	-
2001	-	-	-	-	-
2002	-	-	-	-	-
2003	-	-	-	-	-
2004	-	-	-	-	-
Total	<u>\$ 258,971</u>	<u>\$ 327,766</u>	<u>\$ 341,375</u>	<u>\$ 429,136</u>	<u>\$ (149,996)</u>

Loss Development Through March 31, 2004
Paid Losses: Equipment Physical

2000	2001	2002	2003	2004
\$ 325,768	\$ 325,768	\$ 325,768	\$ 325,768	\$ 325,768
264,604	264,604	264,604	264,604	264,604
(6,616)	(6,616)	(6,616)	(6,616)	(6,616)
447,006	447,006	447,006	447,006	447,006
231,937	231,937	231,937	231,937	231,937
269,604	370,585	370,085	369,709	369,709
-	175,081	269,872	272,102	272,102
-	-	363,910	704,735	704,735
-	-	-	441,760	767,246
-	-	-	-	866,314
<u>\$ 1,532,303</u>	<u>\$ 1,808,365</u>	<u>\$ 2,266,566</u>	<u>\$ 3,051,005</u>	<u>\$ 4,242,805</u>

2000	2001	2002	2003	2004	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 325,768
-	-	-	-	-	264,604
-	-	-	-	-	(6,616)
400	-	-	-	-	447,006
55,047	-	-	-	-	231,937
269,604	100,981	(500)	(376)	-	369,709
-	175,081	94,791	2,230	-	272,102
-	-	363,910	340,825	-	704,735
-	-	-	441,760	325,486	767,246
-	-	-	-	866,314	866,314
<u>\$ 325,051</u>	<u>\$ 276,062</u>	<u>\$ 458,201</u>	<u>\$ 784,439</u>	<u>\$ 1,191,800</u>	<u>\$ 4,242,805</u>

Michigan County Road Commission Self-Insurance Pool

Evaluation as of March 31:

Accident Year	1995	1996	1997	1998	1999	2000
1995	\$ 72,940	\$ 3,000	\$ -	\$ -	\$ -	\$ -
1996	-	333	-	-	31	-
1997	-	-	41,262	22,862	-	-
1998	-	-	-	16	-	-
1999	-	-	-	-	-	-
2000	-	-	-	-	-	77,121
2001	-	-	-	-	-	-
2002	-	-	-	-	-	-
2003	-	-	-	-	-	-
2004	-	-	-	-	-	-
Total	<u>\$ 72,940</u>	<u>\$ 3,333</u>	<u>\$ 41,262</u>	<u>\$ 22,878</u>	<u>\$ 31</u>	<u>\$ 77,121</u>

Change in Case Reserves During Year Ended March 31:

Accident Year	1995	1996	1997	1998	1999	2000
1995	\$ 72,940	\$ (69,940)	\$ (3,000)	\$ -	\$ -	\$ -
1996	-	333	(333)	-	31	(31)
1997	-	-	41,262	(18,400)	(22,862)	-
1998	-	-	-	16	(16)	-
1999	-	-	-	-	-	-
2000	-	-	-	-	-	77,121
2001	-	-	-	-	-	-
2002	-	-	-	-	-	-
2003	-	-	-	-	-	-
2004	-	-	-	-	-	-
Total	<u>\$ 72,940</u>	<u>\$ (69,607)</u>	<u>\$ 37,929</u>	<u>\$ (18,384)</u>	<u>\$ (22,847)</u>	<u>\$ 77,090</u>

Loss Development Through March 31, 2004
Case Reserves: Equipment Physical

2001	2002	2003	2004
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
11,499	-	-	-
-	179,725	-	-
-	-	50,769	-
-	-	-	154,508
<u>\$ 11,499</u>	<u>\$ 179,725</u>	<u>\$ 50,769</u>	<u>\$ 154,508</u>

2001	2002	2003	2004	Total
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
(77,121)	-	-	-	-
11,499	(11,499)	-	-	-
-	179,725	(179,725)	-	-
-	-	50,769	(50,769)	-
-	-	-	154,508	154,508
<u>\$ (65,622)</u>	<u>\$ 168,226</u>	<u>\$ (128,956)</u>	<u>\$ 103,739</u>	<u>\$ 154,508</u>

Michigan County Road Commission Self-Insurance Pool

Evaluation as of March 31:

Accident Year	1995	1996	1997	1998	1999
1995	\$ 331,911	\$ 265,194	\$ 575,768	\$ 575,768	\$ 325,768
1996	-	324,876	249,798	264,204	264,635
1997	-	-	143,808	198,332	(6,616)
1998	-	-	-	341,822	446,606
1999	-	-	-	-	176,890
2000	-	-	-	-	-
2001	-	-	-	-	-
2002	-	-	-	-	-
2003	-	-	-	-	-
2004	-	-	-	-	-
Total	<u>\$ 331,911</u>	<u>\$ 590,070</u>	<u>\$ 969,374</u>	<u>\$ 1,380,126</u>	<u>\$ 1,207,283</u>

Incremental Losses Reported During Year Ended March 31:

Accident Year	1995	1996	1997	1998	1999
1995	\$ 331,911	\$ (66,717)	\$ 310,574	\$ -	\$ (250,000)
1996	-	324,876	(75,078)	14,406	431
1997	-	-	143,808	54,524	(204,948)
1998	-	-	-	341,822	104,784
1999	-	-	-	-	176,890
2000	-	-	-	-	-
2001	-	-	-	-	-
2002	-	-	-	-	-
2003	-	-	-	-	-
2004	-	-	-	-	-
Total	<u>\$ 331,911</u>	<u>\$ 258,159</u>	<u>\$ 379,304</u>	<u>\$ 410,752</u>	<u>\$ (172,843)</u>

Loss Development Through March 31, 2004
Reported Losses (Paid Losses Plus Case Reserves): Equipment Physical

2000	2001	2002	2003	2004
\$ 325,768	\$ 325,768	\$ 325,768	\$ 325,768	\$ 325,768
264,604	264,604	264,604	264,604	264,604
(6,616)	(6,616)	(6,616)	(6,616)	(6,616)
447,006	447,006	447,006	447,006	447,006
231,937	231,937	231,937	231,937	231,937
346,725	370,585	370,085	369,709	369,709
-	186,580	269,872	272,102	272,102
-	-	543,635	704,735	704,735
-	-	-	492,529	767,246
-	-	-	-	1,020,822
<u>\$ 1,609,424</u>	<u>\$ 1,819,864</u>	<u>\$ 2,446,291</u>	<u>\$ 3,101,774</u>	<u>\$ 4,397,313</u>

2000	2001	2002	2003	2004	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 325,768
(31)	-	-	-	-	264,604
-	-	-	-	-	(6,616)
400	-	-	-	-	447,006
55,047	-	-	-	-	231,937
346,725	23,860	(500)	(376)	-	369,709
-	186,580	83,292	2,230	-	272,102
-	-	543,635	161,100	-	704,735
-	-	-	492,529	274,717	767,246
-	-	-	-	1,020,822	1,020,822
<u>\$ 402,141</u>	<u>\$ 210,440</u>	<u>\$ 626,427</u>	<u>\$ 655,483</u>	<u>\$ 1,295,539</u>	<u>\$ 4,397,313</u>

Michigan County Road Commission Self-Insurance Pool

Evaluation as of March 31:

Accident Year	1995	1996	1997	1998	1999
1995	\$ 9,752	\$ -	\$ -	\$ -	\$ -
1996	-	69,094	-	-	-
1997	-	-	103,636	8,544	-
1998	-	-	-	90,444	16,619
1999	-	-	-	-	287,147
2000	-	-	-	-	-
2001	-	-	-	-	-
2002	-	-	-	-	-
2003	-	-	-	-	-
2004	-	-	-	-	-
Total	<u>\$ 9,752</u>	<u>\$ 69,094</u>	<u>\$ 103,636</u>	<u>\$ 98,988</u>	<u>\$ 303,766</u>

Change in Incurred but not Reported Reserves During Year Ended March 31:

Accident Year	1995	1996	1997	1998	1999
1995	\$ 9,752	\$ (9,752)	\$ -	\$ -	\$ -
1996	-	69,094	(69,094)	-	-
1997	-	-	103,636	(95,092)	(8,544)
1998	-	-	-	90,444	(73,825)
1999	-	-	-	-	287,147
2000	-	-	-	-	-
2001	-	-	-	-	-
2002	-	-	-	-	-
2003	-	-	-	-	-
2004	-	-	-	-	-
Total	<u>\$ 9,752</u>	<u>\$ 59,342</u>	<u>\$ 34,542</u>	<u>\$ (4,648)</u>	<u>\$ 204,778</u>

* Incurred but not reported reserves are net of discount.

Loss Development Through March 31, 2004
*** Incurred but not Reported Reserves: Equipment Physical**

2000	2001	2002	2003	2004
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
134,424	-	-	-	-
132,672	32,470	-	-	-
-	277,696	5,600	-	-
-	-	144,180	35,708	-
-	-	-	366,758	20,581
-	-	-	-	275,358
<u>\$ 267,096</u>	<u>\$ 310,166</u>	<u>\$ 149,780</u>	<u>\$ 402,466</u>	<u>\$ 295,939</u>

2000	2001	2002	2003	2004	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
(16,619)	-	-	-	-	-
(152,723)	(134,424)	-	-	-	-
132,672	(100,202)	(32,470)	-	-	-
-	277,696	(272,096)	(5,600)	-	-
-	-	144,180	(108,472)	(35,708)	-
-	-	-	366,758	(346,177)	20,581
-	-	-	-	275,358	275,358
<u>\$ (36,670)</u>	<u>\$ 43,070</u>	<u>\$ (160,386)</u>	<u>\$ 252,686</u>	<u>\$ (106,527)</u>	<u>\$ 295,939</u>

Michigan County Road Commission Self-Insurance Pool

Loss Development Through March 31, 2004 Reported Claim Counts: Equipment Physical

Evaluation as of March 31:

Accident Year	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
1995	48	55	55	55	55	55	55	55	55	55
1996	-	51	72	74	74	74	74	74	74	74
1997	-	-	44	83	80	80	80	80	80	80
1998	-	-	-	65	75	75	75	75	75	75
1999	-	-	-	-	38	55	55	55	55	55
2000	-	-	-	-	-	51	65	65	65	64
2001	-	-	-	-	-	-	51	66	67	67
2002	-	-	-	-	-	-	-	76	97	97
2003	-	-	-	-	-	-	-	-	72	88
2004	-	-	-	-	-	-	-	-	-	89
Total	<u>48</u>	<u>106</u>	<u>171</u>	<u>277</u>	<u>322</u>	<u>390</u>	<u>455</u>	<u>546</u>	<u>640</u>	<u>744</u>

Michigan County Road Commission Self-Insurance Pool

Loss Development Through March 31, 2004
Closed Claim Counts: Equipment Physical

Evaluation as of March 31:

Accident Year	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
1995	41	55	55	55	55	55	55	55	55	55
1996	-	49	72	74	74	74	74	74	74	74
1997	-	-	38	82	80	80	80	80	80	80
1998	-	-	-	65	75	75	75	75	75	75
1999	-	-	-	-	38	55	55	55	55	55
2000	-	-	-	-	-	48	65	65	65	64
2001	-	-	-	-	-	-	50	66	67	67
2002	-	-	-	-	-	-	-	63	97	97
2003	-	-	-	-	-	-	-	-	65	88
2004	-	-	-	-	-	-	-	-	-	78
Total	<u>41</u>	<u>104</u>	<u>165</u>	<u>276</u>	<u>322</u>	<u>387</u>	<u>454</u>	<u>533</u>	<u>633</u>	<u>733</u>

Michigan County Road Commission Self-Insurance Pool

Aging of Receivables March 31, 2004

Members deductibles:

0 - 30	\$ 35,000
31-90	-
> 90	-
	<hr/>

Total members receivable	<u><u>\$ 35,000</u></u>
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Michigan County Road Commission Self-Insurance Pool

	1995	1996	1997	1998
Revenue				
Member contributions	\$ 15,601,639	\$ 15,266,473	\$ 15,149,791	\$ 14,759,107
Rental income	-	-	-	79,099
Total revenue	15,601,639	15,266,473	15,149,791	14,838,206
Expenses				
Provisions for claims:				
Payments	6,909,812	8,680,789	7,001,486	9,429,448
Increase in (reduction to) allowances for unsettled claims and claims incurred but not reported	2,486,617	(1,747,605)	(1,044,227)	(3,391,717)
Reinsurance and excess insurance premiums	4,620,447	4,434,153	4,272,028	4,308,984
Service fee	1,212,022	1,225,982	1,493,069	1,420,000
Administrative expenses:				
Salaries and wages	141,272	125,599	131,660	140,127
Taxes and insurance	19,574	12,027	12,132	14,160
Professional fees	80,769	116,690	105,289	170,622
Investment expenses	102,371	131,739	151,056	180,246
Office expenses	33,064	31,607	37,321	49,886
Rental expenses	64,999	57,157	60,764	100,369
Other	82,481	82,943	91,446	219,487
Total expenses	15,753,428	13,151,081	12,312,024	12,641,612
Excess of Revenue Over (Under) Expenses -				
Before other income (expenses) and distributions to members	(151,789)	2,115,392	2,837,767	2,196,594
Other Income (Expense)				
Interest and dividend income	2,209,952	2,549,843	2,804,171	3,028,391
Realized and unrealized gains (losses) on investments	347,913	607,821	922,370	15,519,011
Rental income	86,974	88,104	82,290	-
Total other income (expense)	2,644,839	3,245,768	3,808,831	18,547,402
Excess of Revenue Over (Under) Expenses -				
Before distributions to members	2,493,050	5,361,160	6,646,598	20,743,996
Distributions to Members	195,237	-	1,601,280	3,228,006
Excess of Revenue Over (Under) Expenses	<u>\$ 2,297,813</u>	<u>\$ 5,361,160</u>	<u>\$ 5,045,318</u>	<u>\$ 17,515,990</u>

Comparative Schedule of Revenue and Expenses
Years Ended March 31, 1995 through March 31, 2004

1999	2000	2001	2002	2003	2004
\$ 14,793,180	\$ 14,386,635	\$ 14,576,954	\$ 14,810,048	\$ 15,964,448	\$ 18,561,140
81,612	95,496	84,069	93,075	92,914	97,365
14,874,792	14,482,131	14,661,023	14,903,123	16,057,362	18,658,505
6,306,020	7,284,074	7,805,692	4,135,468	5,279,417	7,695,461
(285,023)	(23,307)	(1,254,000)	140,372	2,947,099	(450,726)
4,184,576	3,928,497	4,007,943	4,353,993	4,468,305	6,526,885
1,352,850	1,333,240	1,222,863	1,092,350	1,129,521	1,143,505
172,093	182,094	204,758	253,320	330,400	340,081
15,826	17,350	21,168	21,022	105,505	129,273
136,295	133,285	128,317	83,743	164,563	179,828
180,724	185,420	166,882	147,341	158,298	213,467
49,802	44,060	47,552	61,376	81,509	126,358
120,666	99,476	126,059	114,103	101,260	111,098
86,993	100,422	122,748	124,703	118,912	111,333
12,320,822	13,284,611	12,599,982	10,527,791	14,884,789	16,126,563
2,553,970	1,197,520	2,061,041	4,375,332	1,172,573	2,531,942
2,956,471	2,747,371	2,254,502	2,439,643	2,533,282	2,521,407
7,454,193	4,344,610	(6,752,565)	791,519	(7,101,535)	7,131,984
-	-	-	-	-	-
10,410,664	7,091,981	(4,498,063)	3,231,162	(4,568,253)	9,653,391
12,964,634	8,289,501	(2,437,022)	7,606,494	(3,395,680)	12,185,333
11,006,953	17,000,000	10,000,000	3,300,000	2,500,000	-
<u>\$ 1,957,681</u>	<u>\$ (8,710,499)</u>	<u>\$ (12,437,022)</u>	<u>\$ 4,306,494</u>	<u>\$ (5,895,680)</u>	<u>\$ 12,185,333</u>

Michigan County Road Commission Self-Insurance Pool

	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>
General liability	\$ 6,571,314	\$ 4,118,317	\$ 9,207,952	\$ 7,800,757
Trunkline liability	9,293	176,705	68,662	97,471
Auto physical damage	(27,399)	44,345	14,451	12,849
Property	85,345	249,313	231,978	17,883
Equipment physical	<u>325,768</u>	<u>264,604</u>	<u>(6,616)</u>	<u>447,006</u>
Total reported losses	<u><u>\$ 6,964,321</u></u>	<u><u>\$ 4,853,284</u></u>	<u><u>\$ 9,516,427</u></u>	<u><u>\$ 8,375,966</u></u>

Loss Fund for the Ten-Year Period Ended March 31, 2004

<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
\$ 7,287,566	\$ 3,633,179	\$ 3,104,967	\$ 2,474,271	\$ 1,574,376	\$ 2,217,983
571,975	287,836	23,554	34,539	30,169	71,493
36,110	3,965	73,854	37,721	2,168	20,224
162,881	226,426	172,326	73,553	953,585	131,502
<u>231,937</u>	<u>370,585</u>	<u>186,580</u>	<u>543,635</u>	<u>492,529</u>	<u>1,020,822</u>
<u>\$ 8,290,469</u>	<u>\$ 4,521,991</u>	<u>\$ 3,561,281</u>	<u>\$ 3,163,719</u>	<u>\$ 3,052,827</u>	<u>\$ 3,462,024</u>

Michigan County Road Commission Self-Insurance Pool

Claim Activity for the Ten-Year Period Ended March 31, 2004

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
General liability	124	102	122	91	98	96	120	107	89	62
Trunkline liability	3	10	6	14	5	3	4	1	2	1
Auto physical damage	3	2	4	3	5	3	4	5	1	3
Property	17	14	15	11	26	13	18	18	22	14
Equipment physical	<u>55</u>	<u>74</u>	<u>80</u>	<u>75</u>	<u>55</u>	<u>64</u>	<u>67</u>	<u>97</u>	<u>88</u>	<u>89</u>
Total	<u>202</u>	<u>202</u>	<u>227</u>	<u>194</u>	<u>189</u>	<u>179</u>	<u>213</u>	<u>228</u>	<u>202</u>	<u>169</u>
Claims settled in full	202	201	225	191	188	176	203	209	180	128
Claims pending	<u>-</u>	<u>1</u>	<u>2</u>	<u>3</u>	<u>1</u>	<u>3</u>	<u>10</u>	<u>19</u>	<u>22</u>	<u>41</u>
Total	<u>202</u>	<u>202</u>	<u>227</u>	<u>194</u>	<u>189</u>	<u>179</u>	<u>213</u>	<u>228</u>	<u>202</u>	<u>169</u>
Number of members	<u>73</u>	<u>73</u>	<u>73</u>	<u>73</u>	<u>73</u>	<u>73</u>	<u>74</u>	<u>77</u>	<u>78</u>	<u>79</u>

Michigan County Road Commission Self-Insurance Pool

Demographic Data
March 31, 2004

Total number of members	79
Total property value	\$ 396,153,311
Total number of private passenger vehicles	1,725
Total number of trucks	3,582
Total number of trailers	847
Total miles of streets	81,666
Total population	5,761,366

Michigan County Road Commission Self-Insurance Pool

Scope of Coverages

Liability:

- Comprehensive general liability
- Public officials liability
- Liquor liability
- Contractual liability
- Umbrella liability
- Auto liability

Auto Physical Damage:

- Comprehensive
- Collision

Property:

- Buildings
- Contents

Equipment Physical Damage:

- Construction equipment
- Inventories
- EDP

Crime:

- Money and securities
- Employee fidelity
- Depositors forgery